Wamp
Weldon (FL)
Westmoreland
Wicker
Wilson (SC)
Young (AK)

NOT VOTING—12

Carson
Cubin
Gohmert
Hooley
Hunter
Jindal
Matheson
Miller, Gary
Neugebauer
Paul
Spratt
Tancredo

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). Members are advised 2 minutes remain in this vote.

□ 1647

Mr. MARCHANT changed his vote from ''aye'' to ''no.''

Mr. GOODLATTE changed his vote from ''no'' to ''aye.''

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON H.R. 1585, NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2008

The SPEAKER pro tempore. The unfinished business is on agreeing to the conference report on the bill (H.R. 1585), on which the yeas and nays were ordered.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on agreeing to the conference report.

This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 370, nays 49, not voting 12, as follows:

[Roll No. 1151]

YEAS—370

Abercrombie
Ackerman
Aderholt
Akin
Alexander
Allen
Altmire
Andrews
Arcuri
Baca
Bachmann
Bachus
Baird
Baker
Barrett (SC)
Barrow
Bartlett (MD)
Barton (TX)
Bean
Becerra
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Bishop (GA)
Bishop (NY)
Bishop (UT)
Blackburn
Blumenauer
Blunt
Boehner
Bonner
Bono
Boozman
Boren
Boswell
Boucher
Boustany
Boyd (FL)
Boyda (KS)
Brady (PA)
Brady (TX)
Braley (IA)
Broun (GA)
Brown (SC)
Brown, Corrine
Brown-Waite, Ginny
Buchanan
Burgess
Burton (IN)
Butterfield
Buyer
Calvert
Camp (MI)
Campbell (CA)
Cannon
Cantor
Capito
Capps
Cardoza
Carnahan
Carney
Carter
Castle
Castor
Chabot
Chandler
Clay
Clyburn
Coble
Cohen
Cole (OK)
Conaway
Cooper
Costa
Costello
Courtney
Cramer
Crenshaw
Crowley
Cuellar
Culberson
Cummings
Davis (AL)
Davis (CA)
Davis (KY)
Davis, David
Davis, Lincoln
Davis, Tom
Deal (GA)
DeGette
Delahunt
DeLauro
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Dicks
Dingell
Donnelly
Doolittle
Doyle
Drake
Dreier
Edwards
Ehlers
Ellsworth
Emanuel
Emerson
Engel
English (PA)
Eshoo
Etheridge
Everett
Fallin
Farr
Feeney
Ferguson
Flake
Forbes
Fortenberry
Fossella
Foxx
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Giffords
Gilchrest
Gillibrand
Gingrey
Gohmert
Gonzalez
Goodlatte
Gordon
Granger
Graves
Green, Al
Green, Gene
Hall (NY)
Hall (TX)
Hare
Harman
Hastings (FL)
Hastings (WA)
Hayes
Heller
Hensarling
Herger
Herseth Sandlin
Higgins
Hill
Hinojosa
Hirono
Hobson
Hodes
Hoekstra
Holden
Holt
Honda
Hoyer
Hulshof
Inglis (SC)
Inslee
Israel
Issa
Jefferson
Johnson (GA)
Johnson (IL)
Johnson, E. B.
Johnson, Sam
Jones (NC)
Jordan
Kagen
Kanjorski
Kaptur
Keller
Kennedy
Kildee
Kilpatrick
Kind
King (IA)
King (NY)
Kingston
Kirk
Klein (FL)
Kline (MN)
Knollenberg
Kuhl (NY)
LaHood
Lamborn
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Latham
LaTourette
Levin
Lewis (CA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Loebsack
Lofgren, Zoe
Lowey
Lucas
Lungren, Daniel E.
Lynch
Mack
Mahoney (FL)
Maloney (NY)
Manzullo
Marchant
Matsui
McCarthy (CA)
McCarthy (NY)
McCaul (TX)
McCollum (MN)
McCotter
McCrery
McHenry
McHugh
McIntyre
McKeon
McMorris Rodgers
McNerney
McNulty
Meek (FL)
Melancon
Mica
Miller (FL)
Miller (MI)
Miller (NC)
Mitchell
Mollohan
Moore (KS)
Moran (KS)
Moran (VA)
Murphy (CT)
Murphy, Patrick
Murphy, Tim
Murtha
Musgrave
Myrick
Nadler
Napolitano
Neal (MA)
Nunes
Oberstar
Obey
Ortiz
Pascrell
Pearce
Pence
Perlmutter
Peterson (MN)
Peterson (PA)
Pickering
Pitts
Platts
Poe
Pomeroy
Porter
Price (GA)
Price (NC)
Pryce (OH)
Putnam
Radanovich
Rahall
Ramstad
Rangel
Regula
Rehberg
Reichert
Renzi
Reyes
Reynolds
Richardson
Rodriguez
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Roskam
Ross
Rothman
Roybal-Allard
Royce
Ruppersberger
Rush
Ryan (OH)
Ryan (WI)
Salazar
Sali
Sánchez, Linda T.
Sanchez, Loretta
Sarbanes
Saxton
Schiff
Schmidt
Schwartz
Scott (GA)
Scott (VA)
Sessions
Sestak
Shadegg
Shays
Shea-Porter
Sherman
Shimkus
Shuler
Shuster
Simpson
Sires
Skelton
Slaughter
Smith (NE)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Solis
Souder
Space
Stearns
Stupak
Sullivan
Sutton
Tanner
Tauscher
Taylor
Terry
Thompson (CA)
Thompson (MS)
Thornberry
Tiahrt
Tiberi
Tsongas
Turner
Udall (CO)
Udall (NM)
Upton
Van Hollen
Visclosky
Walberg
Walden (OR)
Walsh (NY)
Walz (MN)
Wamp
Wasserman Schultz
Watt
Waxman
Weiner
Weldon (FL)
Weller
Westmoreland
Wexler
Whitfield
Wicker
Wilson (NM)
Wilson (OH)
Wilson (SC)
Wolf
Young (AK)
Young (FL)

NAYS—49

Baldwin
Capuano
Clarke
Cleaver
Conyers
Davis (IL)
DeFazio
Doggett
Duncan
Ellison
Fattah
Filner
Frank (MA)
Goode
Grijalva
Gutierrez
Hinchey
Jackson (IL)
Jackson-Lee (TX)
Jones (OH)
Kucinich
Lee
Lewis (GA)
Markey
McDermott
McGovern
Meeks (NY)
Michaud
Miller, George
Moore (WI)
Olver
Pallone
Pastor
Payne
Petri
Schakowsky
Sensenbrenner
Serrano
Stark
Tierney
Towns
Velázquez
Waters
Watson
Welch (VT)
Woolsey
Wu
Wynn
Yarmuth

NOT VOTING—12

Carson
Cubin
Hooley
Hunter
Jindal
Marshall
Matheson
Miller, Gary
Neugebauer
Paul
Spratt
Tancredo

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). Members are advised 2 minutes remain in this vote.

□ 1655

Messrs. DAVIS of Illinois, FATTAH, GEORGE MILLER of California and DEFAZIO changed their vote from ''yea'' to ''nay.''

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. MARSHALL. Mr. Speaker, on rollcall No. 1151, H.R. 1585, The National Defense Authorization Act for Fiscal Year 2008, In inadvertently failed to record my vote. But for this oversight, I would have voted "yea."

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Ms. Wanda Evans, one of his secretaries.

AMT RELIEF ACT OF 2007

Mr. RANGEL. Mr. Speaker, pursuant to House Resolution 861, I call up the bill (H.R. 4351) to amend the Internal Revenue Code of 1986 to provide individuals temporary relief from the alternative minimum tax, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 4351

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE, ETC.

(a) SHORT TITLE.—This Act may be cited as the ''AMT Relief Act of 2007''.

(b) REFERENCE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

TITLE I—INDIVIDUAL TAX RELIEF

SEC. 101. EXTENSION OF ALTERNATIVE MINIMUM TAX RELIEF FOR NONREFUNDABLE PERSONAL CREDITS.

(a) IN GENERAL.—Paragraph (2) of section 26(a) (relating to special rule for taxable years 2000 through 2006) is amended—

(1) by striking "or 2006" and inserting "2006, or 2007", and

(2) by striking "2006" in the heading thereof and inserting "2007".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 102. EXTENSION OF INCREASED ALTERNATIVE MINIMUM TAX EXEMPTION AMOUNT.

(a) IN GENERAL.—Paragraph (1) of section 55(d) (relating to exemption amount) is amended—

(1) by striking "($62,550 in the case of taxable years beginning in 2006)" in subparagraph (A) and inserting "($66,250 in the case of taxable years beginning in 2007)", and

(2) by striking "($42,500 in the case of taxable years beginning in 2006)" in subparagraph (B) and inserting "($44,350 in the case of taxable years beginning in 2007)".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 103. INCREASE OF AMT REFUNDABLE CREDIT AMOUNT FOR INDIVIDUALS WITH LONG-TERM UNUSED CREDITS FOR PRIOR YEAR MINIMUM TAX LIABILITY, ETC.

(a) IN GENERAL.—Paragraph (2) of section 53(e) is amended to read as follows:

"(2) AMT REFUNDABLE CREDIT AMOUNT.—For purposes of paragraph (1), the term 'AMT refundable credit amount' means, with respect to any taxable year, the amount (not in excess of the long-term unused minimum tax credit for such taxable year) equal to the greater of—

"(A) 50 percent of the long-term unused minimum tax credit for such taxable year, or

"(B) the amount (if any) of the AMT refundable credit amount determined under this paragraph for the taxpayer's preceding taxable year.".

(b) TREATMENT OF CERTAIN UNDERPAYMENTS, INTEREST, AND PENALTIES ATTRIBUTABLE TO THE TREATMENT OF INCENTIVE STOCK OPTIONS.—Section 53 is amended by adding at the end the following new subsection:

"(f) TREATMENT OF CERTAIN UNDERPAYMENTS, INTEREST, AND PENALTIES ATTRIBUTABLE TO THE TREATMENT OF INCENTIVE STOCK OPTIONS.—

"(1) ABATEMENT.—Any underpayment of tax outstanding on the date of the enactment of this subsection which is attributable to the application of section 56(b)(3) for any taxable year ending before January 1, 2007 (and any interest or penalty with respect to such underpayment which is outstanding on such date of enactment), is hereby abated. No credit shall be allowed under this section with respect to any amount abated under this paragraph.

"(2) INCREASE IN CREDIT FOR CERTAIN INTEREST AND PENALTIES ALREADY PAID.—Any interest or penalty paid before the date of the enactment of this subsection which would (but for such payment) have been abated under paragraph (1) shall be treated for purposes of this section as an amount of adjusted net minimum tax imposed for the taxable year of the underpayment to which such interest or penalty relates.".

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2006.

(2) ABATEMENT.—Section 53(f)(1) of the Internal Revenue Code of 1986, as added by subsection (b), shall take effect on the date of the enactment of this Act.

SEC. 104. REFUNDABLE CHILD CREDIT.

(a) MODIFICATION OF THRESHOLD AMOUNT.—Clause (i) of section 24(d)(1)(B) is amended by inserting "($8,500 in the case of taxable years beginning in 2008)" after "$10,000".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2007.

TITLE II—REVENUE PROVISIONS

Subtitle A—Nonqualified Deferred Compensation From Certain Tax Indifferent Parties

SEC. 201. NONQUALIFIED DEFERRED COMPENSATION FROM CERTAIN TAX INDIFFERENT PARTIES.

(a) IN GENERAL.—Subpart B of part II of subchapter E of chapter 1 (relating to taxable year for which items of gross income included) is amended by inserting after section 457 the following new section:

"SEC. 457A. NONQUALIFIED DEFERRED COMPENSATION FROM CERTAIN TAX INDIFFERENT PARTIES.

"(a) IN GENERAL.—Any compensation which is deferred under a nonqualified deferred compensation plan of a nonqualified entity shall be taken into account for purposes of this chapter when there is no substantial risk of forfeiture of the rights to such compensation.

"(b) NONQUALIFIED ENTITY.—For purposes of this section, the term 'nonqualified entity' means—

"(1) any foreign corporation unless substantially all of its income is—

"(A) effectively connected with the conduct of a trade or business in the United States, or

"(B) subject to a comprehensive foreign income tax, and

"(2) any partnership unless substantially all of its income is allocated to persons other than—

"(A) foreign persons with respect to whom such income is not subject to a comprehensive foreign income tax, and

"(B) organizations which are exempt from tax under this title.

"(c) ASCERTAINABILITY OF AMOUNTS OF COMPENSATION.—

"(1) IN GENERAL.—If the amount of any compensation is not ascertainable at the time that such compensation is otherwise to be taken into account under subsection (a)—

"(A) such amount shall be so taken into account when ascertainable, and

"(B) the tax imposed under this chapter for the taxable year in which such compensation is taken into account under subparagraph (A) shall be increased by the sum of—

"(i) the amount of interest determined under paragraph (2), and

"(ii) an amount equal to 20 percent of the amount of such compensation.

"(2) INTEREST.—For purposes of paragraph (1)(B)(i), the interest determined under this paragraph for any taxable year is the amount of interest at the underpayment rate under section 6621 plus 1 percentage point on the underpayments that would have occurred had the deferred compensation been includible in gross income for the taxable year in which first deferred or, if later, the first taxable year in which such deferred compensation is not subject to a substantial risk of forfeiture.

"(d) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) SUBSTANTIAL RISK OF FORFEITURE.—

"(A) IN GENERAL.—The rights of a person to compensation shall be treated as subject to a substantial risk of forfeiture only if such person's rights to such compensation are conditioned upon the future performance of substantial services by any individual.

"(B) EXCEPTION FOR COMPENSATION BASED ON GAIN RECOGNIZED ON AN INVESTMENT ASSET.—

"(i) IN GENERAL.—To the extent provided in regulations prescribed by the Secretary, if compensation is determined solely by reference to the amount of gain recognized on the disposition of an investment asset, such compensation shall be treated as subject to a substantial risk of forfeiture until the date of such disposition.

"(ii) INVESTMENT ASSET.—For purposes of clause (i), the term 'investment asset' means any single asset (other than an investment fund or similar entity)—

"(I) acquired directly by an investment fund or similar entity,

"(II) with respect to which such entity does not (nor does any person related to such entity) participate in the active management of such asset (or if such asset is an interest in an entity, in the active management of the activities of such entity), and

"(III) substantially all of any gain on the disposition of which (other than such deferred compensation) is allocated to investors in such entity.

"(iii) COORDINATION WITH SPECIAL RULE FOR SHORT-TERM DEFERRALS OF COMPENSATION.—Paragraph (3)(B) shall not apply to any compensation to which clause (i) applies.

"(2) COMPREHENSIVE FOREIGN INCOME TAX.—The term 'comprehensive foreign income tax' means, with respect to any foreign person, the income tax of a foreign country if—

"(A) such person is eligible for the benefits of a comprehensive income tax treaty between such foreign country and the United States, or

"(B) such person demonstrates to the satisfaction of the Secretary that such foreign country has a comprehensive income tax.

Such term shall not include any tax unless such tax includes rules for the deductibility of deferred compensation which are similar to the rules of this title.

"(3) NONQUALIFIED DEFERRED COMPENSATION PLAN.—

"(A) IN GENERAL.—The term 'nonqualified deferred compensation plan' has the meaning given such term under section 409A(d), except that such term shall include any plan that provides a right to compensation based on the appreciation in value of a specified number of equity units of the service recipient.

"(B) EXCEPTION FOR SHORT-TERM DEFERRALS.—Compensation shall not be treated as deferred for purposes of this section if the service provider receives payment of such compensation not later than 12 months after the end of the taxable year of the service recipient during which the right to the payment of such compensation is no longer subject to a substantial risk of forfeiture.

''(4) EXCEPTION FOR CERTAIN COMPENSATION WITH RESPECT TO EFFECTIVELY CONNECTED INCOME.—In the case a foreign corporation with income which is taxable under section 882, this section shall not apply to compensation which, had such compensation had been paid in cash on the date that such compensation ceased to be subject to a substantial risk of forfeiture, would have been deductible by such foreign corporation against such income.

''(5) APPLICATION OF RULES.—Rules similar to the rules of paragraphs (5) and (6) of section 409A(d) shall apply.

''(e) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including regulations disregarding a substantial risk of forfeiture in cases where necessary to carry out the purposes of this section.''.

(b) CONFORMING AMENDMENT.—Section 26(b)(2) is amended by striking ''and'' at the end of subparagraph (S), by striking the period at the end of subparagraph (T) and inserting '', and'', and by adding at the end the following new subparagraph:

''(U) section 457A(c)(1)(B) (relating to ascertainability of amounts of compensation).''.

(c) CLERICAL AMENDMENT.—The table of sections of subpart B of part II of subchapter E of chapter 1 is amended by inserting after the item relating to section 457 the following new item:

''Sec. 457A. Nonqualified deferred compensation from certain tax indifferent parties.''.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to amounts deferred which are attributable to services performed after December 31, 2007.

(2) APPLICATION TO EXISTING DEFERRALS.—In the case of any amount deferred to which the amendments made by this section do not apply solely by reason of the fact that the amount is attributable to services performed before January 1, 2008, to the extent such amount is not includible in gross income in a taxable year beginning before 2017, such amounts shall be includible in gross income in the later of—

(A) the last taxable year beginning before 2017, or

(B) the taxable year in which there is no substantial risk of forfeiture of the rights to such compensation (determined in the same manner as determined for purposes of section 457A of the Internal Revenue Code of 1986, as added by this section).

(3) ACCELERATED PAYMENTS.—No later than 60 days after the date of the enactment of this Act, the Secretary shall issue guidance providing a limited period of time during which a nonqualified deferred compensation arrangement attributable to services performed on or before December 31, 2007, may, without violating the requirements of section 409A(a) of the Internal Revenue Code of 1986, be amended to conform the date of distribution to the date the amounts are required to be included in income.

(4) CERTAIN BACK-TO-BACK ARRANGEMENTS.—If the taxpayer is also a service recipient and maintains one or more nonqualified deferred compensation arrangements for its service providers under which any amount is attributable to services performed on or before December 31, 2007, the guidance issued under paragraph (3) shall permit such arrangements to be amended to conform the dates of distribution under such arrangement to the date amounts are required to be included in the income of such taxpayer under this subsection.

(5) ACCELERATED PAYMENT NOT TREATED AS MATERIAL MODIFICATION.—Any amendment to a nonqualified deferred compensation arrangement made pursuant to paragraph (3) or (4) shall not be treated as a material modification of the arrangement for purposes of section 409A of the Internal Revenue Code of 1986.

Subtitle B—Codification of Economic Substance Doctrine

SEC. 211. CODIFICATION OF ECONOMIC SUBSTANCE DOCTRINE.

(a) IN GENERAL.—Section 7701 is amended by redesignating subsection (p) as subsection (q) and by inserting after subsection (o) the following new subsection:

''(p) CLARIFICATION OF ECONOMIC SUBSTANCE DOCTRINE.—

''(1) APPLICATION OF DOCTRINE.—In the case of any transaction to which the economic substance doctrine is relevant, such transaction shall be treated as having economic substance only if—

''(A) the transaction changes in a meaningful way (apart from Federal income tax effects) the taxpayer's economic position, and

''(B) the taxpayer has a substantial purpose (apart from Federal income tax effects) for entering into such transaction.

''(2) SPECIAL RULE WHERE TAXPAYER RELIES ON PROFIT POTENTIAL.—

''(A) IN GENERAL.—The potential for profit of a transaction shall be taken into account in determining whether the requirements of subparagraphs (A) and (B) of paragraph (1) are met with respect to the transaction only if the present value of the reasonably expected pre-tax profit from the transaction is substantial in relation to the present value of the expected net tax benefits that would be allowed if the transaction were respected.

''(B) TREATMENT OF FEES AND FOREIGN TAXES.—Fees and other transaction expenses and foreign taxes shall be taken into account as expenses in determining pre-tax profit under subparagraph (A).

''(3) STATE AND LOCAL TAX BENEFITS.—For purposes of paragraph (1), any State or local income tax effect which is related to a Federal income tax effect shall be treated in the same manner as a Federal income tax effect.

''(4) FINANCIAL ACCOUNTING BENEFITS.—For purposes of paragraph (1)(B), achieving a financial accounting benefit shall not be taken into account as a purpose for entering into a transaction if such transaction results in a Federal income tax benefit.

''(5) DEFINITIONS AND SPECIAL RULES.—For purposes of this subsection—

''(A) ECONOMIC SUBSTANCE DOCTRINE.—The term 'economic substance doctrine' means the common law doctrine under which tax benefits under subtitle A with respect to a transaction are not allowable if the transaction does not have economic substance or lacks a business purpose.

''(B) EXCEPTION FOR PERSONAL TRANSACTIONS OF INDIVIDUALS.—In the case of an individual, paragraph (1) shall apply only to transactions entered into in connection with a trade or business or an activity engaged in for the production of income.

''(C) OTHER COMMON LAW DOCTRINES NOT AFFECTED.—Except as specifically provided in this subsection, the provisions of this subsection shall not be construed as altering or supplanting any other rule of law, and the requirements of this subsection shall be construed as being in addition to any such other rule of law.

''(D) DETERMINATION OF APPLICATION OF DOCTRINE NOT AFFECTED.—The determination of whether the economic substance doctrine is relevant to a transaction shall be made in the same manner as if this subsection had never been enacted.

''(6) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this subsection. Such regulations may include exemptions from the application of this subsection.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions entered into after the date of the enactment of this Act.

SEC. 212. PENALTIES FOR UNDERPAYMENTS.

(a) PENALTY FOR UNDERPAYMENTS ATTRIBUTABLE TO TRANSACTIONS LACKING ECONOMIC SUBSTANCE.—

(1) IN GENERAL.—Subsection (b) of section 6662 is amended by inserting after paragraph (5) the following new paragraph:

''(6) Any disallowance of claimed tax benefits by reason of a transaction lacking economic substance (within the meaning of section 7701(p)) or failing to meet the requirements of any similar rule of law.''.

(2) INCREASED PENALTY FOR NONDISCLOSED TRANSACTIONS.—Section 6662 is amended by adding at the end the following new subsection:

''(i) INCREASE IN PENALTY IN CASE OF NONDISCLOSED NONECONOMIC SUBSTANCE TRANSACTIONS.—

''(1) IN GENERAL.—To the extent that a portion of the underpayment to which this section applies is attributable to one or more nondisclosed noneconomic substance transactions, subsection (a) shall be applied with respect to such portion by substituting '40 percent' for '20 percent'.

''(2) NONDISCLOSED NONECONOMIC SUBSTANCE TRANSACTIONS.—For purposes of this subsection, the term 'nondisclosed noneconomic substance transaction' means any portion of a transaction described in subsection (b)(6) with respect to which the relevant facts affecting the tax treatment are not adequately disclosed in the return nor in a statement attached to the return.

''(3) SPECIAL RULE FOR AMENDED RETURNS.—Except as provided in regulations, in no event shall any amendment or supplement to a return of tax be taken into account for purposes of this subsection if the amendment or supplement is filed after the earlier of the date the taxpayer is first contacted by the Secretary regarding the examination of the return or such other date as is specified by the Secretary.''.

(3) CONFORMING AMENDMENT.—Subparagraph (B) of section 6662A(e)(2) is amended—

(A) by striking ''section 6662(h)'' and inserting ''subsection (h) or (i) of section 6662'', and

(B) by striking ''GROSS VALUATION MISSTATEMENT PENALTY'' in the heading and inserting ''CERTAIN INCREASED UNDERPAYMENT PENALTIES''.

(b) REASONABLE CAUSE EXCEPTION NOT APPLICABLE TO NONECONOMIC SUBSTANCE TRANSACTIONS, TAX SHELTERS, AND CERTAIN LARGE CORPORATIONS.—Subsection (c) of section 6664 is amended—

(1) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively,

(2) by striking ''paragraph (2)'' in paragraph (4), as so redesignated, and inserting ''paragraph (3)'', and

(3) by inserting after paragraph (1) the following new paragraph:

''(2) EXCEPTION FOR NONECONOMIC SUBSTANCE TRANSACTIONS, TAX SHELTERS, AND CERTAIN LARGE CORPORATIONS.—Paragraph (1) shall not apply—

''(A) to any portion of an underpayment which is attributable to one or more tax shelters (as defined in section 6662(d)(2)(C)) or transactions described in section 6662(b)(6), and

''(B) to any taxpayer if such taxpayer is a specified large corporation (as defined in section 6662(d)(2)(D)(ii)).''.

(c) APPLICATION OF PENALTY FOR ERRONEOUS CLAIM FOR REFUND OR CREDIT TO NONECONOMIC SUBSTANCE TRANSACTIONS.—Section 6676 is amended by redesignating subsection (c) as subsection (d) and inserting after subsection (b) the following new subsection:

''(c) NONECONOMIC SUBSTANCE TRANSACTIONS TREATED AS LACKING REASONABLE BASIS.—For purposes of this section, any excessive amount which is attributable to any transaction described in section 6662(b)(6) shall not be treated as having a reasonable basis.''.

(d) SPECIAL UNDERSTATEMENT REDUCTION RULE FOR CERTAIN LARGE CORPORATIONS.—

(1) IN GENERAL.—Paragraph (2) of section 6662(d) is amended by adding at the end the following new subparagraph:

''(D) SPECIAL REDUCTION RULE FOR CERTAIN LARGE CORPORATIONS.—

''(i) IN GENERAL.—In the case of any specified large corporation—

''(I) subparagraph (B) shall not apply, and

''(II) the amount of the understatement under subparagraph (A) shall be reduced by that portion of the understatement which is attributable to any item with respect to which the taxpayer has a reasonable belief that the tax treatment of such item by the taxpayer is more likely than not the proper tax treatment of such item.

''(ii) SPECIFIED LARGE CORPORATION.—

''(I) IN GENERAL.—For purposes of this subparagraph, the term 'specified large corporation' means any corporation with gross receipts in excess of $100,000,000 for the taxable year involved.

''(II) AGGREGATION RULE.—All persons treated as a single employer under section 52(a) shall be treated as one person for purposes of subclause (I).''.

(2) CONFORMING AMENDMENT.—Subparagraph (C) of section 6662(d)(2) is amended by striking ''Subparagraph (B)'' and inserting ''Subparagraphs (B) and (D)(i)(II)''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

Subtitle C—Other Provisions

SEC. 221. DELAY IN APPLICATION OF WORLDWIDE ALLOCATION OF INTEREST.

(a) IN GENERAL.—Paragraphs (5)(D) and (6) of section 864(f) are each amended by striking ''December 31, 2008'' and inserting ''December 31, 2017''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2008.

SEC. 222. MODIFICATION OF PENALTY FOR FAILURE TO FILE PARTNERSHIP RETURNS.

(a) EXTENSION OF TIME LIMITATION.—Subsection (a) of section 6698 (relating to general rule) is amended by striking ''5 months'' and inserting ''12 months''.

(b) INCREASE IN PENALTY AMOUNT.—Paragraph (1) of section 6698(b) is amended by striking ''$50'' and inserting ''$100''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to returns required to be filed after the date of the enactment of this Act.

SEC. 223. PENALTY FOR FAILURE TO FILE S CORPORATION RETURNS.

(a) IN GENERAL.—Part I of subchapter B of chapter 68 (relating to assessable penalties) is amended by adding at the end the following new section:

''SEC. 6699A. FAILURE TO FILE S CORPORATION RETURN.

''(a) GENERAL RULE.—In addition to the penalty imposed by section 7203 (relating to willful failure to file return, supply information, or pay tax), if any S corporation required to file a return under section 6037 for any taxable year—

''(1) fails to file such return at the time prescribed therefor (determined with regard to any extension of time for filing), or

''(2) files a return which fails to show the information required under section 6037,

such S corporation shall be liable for a penalty determined under subsection (b) for each month (or fraction thereof) during which such failure continues (but not to exceed 12 months), unless it is shown that such failure is due to reasonable cause.

''(b) AMOUNT PER MONTH.—For purposes of subsection (a), the amount determined under this subsection for any month is the product of—

''(1) $100, multiplied by

''(2) the number of persons who were shareholders in the S corporation during any part of the taxable year.

''(c) ASSESSMENT OF PENALTY.—The penalty imposed by subsection (a) shall be assessed against the S corporation.

''(d) DEFICIENCY PROCEDURES NOT TO APPLY.—Subchapter B of chapter 63 (relating to deficiency procedures for income, estate, gift, and certain excise taxes) shall not apply in respect of the assessment or collection of any penalty imposed by subsection (a).''.

(b) CLERICAL AMENDMENT.—The table of sections for part I of subchapter B of chapter 68 is amended by adding at the end the following new item:

''Sec. 6699A. Failure to file S corporation return.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to returns required to be filed after the date of the enactment of this Act.

SEC. 224. INCREASE IN MINIMUM PENALTY ON FAILURE TO FILE A RETURN OF TAX.

(a) IN GENERAL.—Subsection (a) of section 6651 is amended by striking ''$100'' in the last sentence and inserting ''$150''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to returns the due date for the filing of which (including extensions) is after December 31, 2007.

SEC. 225. TIME FOR PAYMENT OF CORPORATE ESTIMATED TAXES.

The percentage under subparagraph (B) of section 401(1) of the Tax Increase Prevention and Reconciliation Act of 2005 in effect on the date of the enactment of this Act is increased by 52.5 percentage points.

The SPEAKER pro tempore. Pursuant to House Resolution 861, the gentleman from New York (Mr. RANGEL) and the gentleman from Louisiana (Mr. MCCRERY) each will control 30 minutes.

The Chair recognizes the gentleman from New York.

Mr. RANGEL. Mr. Speaker, after my speaking, I ask unanimous consent that the balance of my time be controlled by the gentleman from Massachusetts (Mr. NEAL), and that he be allowed to assign it to speakers on behalf of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

I am so proud to have the opportunity to say once again that fulfilling our constitutional responsibility, the Ways and Means Committee has reported out a bill to provide relief to upward of some 25 million people from being hit by a $50 billion tax increase, which it was never thought could happen to these people.

□ 1700

By the same token, almost separate and apart from this, we have an opportunity to close a very unfair provision that we find in our Tax Code, that certainly no one has come to me to defend, which prevents a handful of people from having unlimited funds being shipped overseas under deferred compensation and escaping liability. It is just plain wrong if we were talking about this by itself. But we are not doing that. We are talking about bringing something together that I don't see how anyone can be opposed.

So let's talk about the things that we all agree on. Nobody, Republican or Democrat, liberal or conservative, believes that these taxpayers should be hit by a tax that we didn't intend.

Two, no one has the guts to defend the offshore deferred compensation. You may have some feelings about it because of a couple of friends, but we know it's indecent and immoral.

So what is the problem? We raise the money and we hope that, through this and others, we will be able to pay for the loss of revenue that is enacted by the patch. That is the $50 billion. I wish that I could yield all of our time to the Republicans to explain once again, as eloquent as my dear friend Mr. MCCRERY is, as to why this is not borrowing.

Mr. DREIER yesterday in the Rules Committee says it's not borrowing because we never intended for this to happen. Well, if it works for you guys, I'm going to try it when I get home with my creditors and say, hey, it wasn't meant for me to be broke and so it's not borrowing; just ignore it.

But it doesn't work that way on pencil and paper. Either you have got to cut programs by $50 billion, raise the revenue by $50 billion, or mumble for $50 billion. Enough of the mumbling. Can't we unite on this, and at least let them know in the Senate that the House of Representatives is the House of the People, that we believe in what we're doing? And let's remember this; that we know the President, when he is closing things that he wants to be closed on to raise revenue, it's not a tax increase. He and Secretary Paulson call it, what, a loophole closing. That's all we're trying to do in paying for this.

And so, remember, the President won't be with you in November, but I will be, trying to help all of us to understand that we did the best we could for the Congress and for the country. So we are giving the other body another opportunity. Hopefully this time they will not be irresponsible but they will join with us in doing two things: Reform the system for a provision that only benefits a handful of people at the expense of the United States Treasurer; and, two, prevent this burden from falling on 25 million innocent, hard-working American people.

At this time I would like to yield the balance of my time to Chairman RICHARD NEAL.

The SPEAKER pro tempore. Without objection, the gentleman from Massachusetts will control the balance of the time.

There was no objection.

Mr. NEAL of Massachusetts. Mr. Speaker, I yield myself such time as I might consume.

I rise in support of the AMT Relief Act of 2007. We are here again in an effort to protect 23 million American taxpayers from higher taxes on April 15. Almost 19 million of those taxpayers have never paid AMT before, and some indeed have not even heard of AMT. With this bill, we can ensure that it stays that way.

My district alone will see an increase from 7,300 families hit by AMT to 67,000 people hit by AMT. We have individuals across this country, including Maggie Rauh from my district who is a CPA and who testified that her family income is at $75,000. She takes the standard deduction. They have three children. She is going to pay AMT. That family trip to Disneyland next year is on hold.

Joel Campbell of Loudoun County, Virginia told the committee that his family had to choose between saving more for retirement or paying for college. Higher taxes because of AMT are forcing middle- and upper middle-income families to make these difficult choices.

So we all agree that AMT should not be affecting these working families, but we cannot agree on how to do it. And that is the point: Everybody agrees that it has got to be fixed. The Republicans propose to borrow $50 billion; we intend to proceed with paying for this issue. When I hear the argument that we should forget about it because it was never intended to hit middle-income people, as Mr. RANGEL noted, I would like to try that on my creditors.

The Republicans believe that we should not offset this tax increase for middle-income people. Indeed, the President's budgets for the last few years have all counted on this revenue, and he projects next year precisely the same thing.

We made a pledge earlier this year to the American taxpayer that we would do no harm to the Federal budget. So if we lower tax revenues, we have to make up for that loss and not add to the deficit. That PAYGO pledge is difficult and painful, but most sensible.

The bill that we bring before the House today is a smaller package than before. The expiring provisions and the carried interest revenue raisers are gone. In the face of opposition to our offsets, we cannot retain this package because of the expiring tax provisions. It is my hope that we can turn to these provisions again in the near future and perhaps, if necessary, make them retroactive, indeed.

This bill provides that offshore hedge fund managers not enjoy unlimited deferral from any taxation on their compensation. We have all seen the news reports of these hedge fund people deferring hundreds of millions of dollars in compensation offshore because of a tax loophole. This bill closes that loophole, and it gives tax relief to 23 million families.

The bill also provides that a corporate tax shelter abuser be subject to new rules requiring economic substance in transactions. Let me interpret. It has to be for real. By cracking down on tax shelter abusers, we are able to provide tax relief to the families of 13 million children in minimum wage households who get little or no refundable child tax credits.

The bill is simple. The bill is straightforward. Despite some opposition, we are going to persevere in our path to responsible tax cuts. Ecclesiastes teaches us that the race is not always to the swift nor the battle to the strong. That does not affect our conviction here that we intend to persevere on the right path. We stand by our pledge to the American taxpayer and hope to convince others to join our battle today.

Mr. Speaker, I reserve the balance of my time.

Mr. McCRERY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong opposition to the bill before us today, just as I did the last time this bill was on the floor. It is not exactly the same, but basically it is a bill that would patch, so to speak, the AMT, and then increase other taxes to the same amount as the baseline says the patch costs.

Let me make one thing clear. Republicans are for patching the AMT, a 1-year patch on the AMT. We are for, in other words, freezing the AMT in place just as it is today or just as it was for the last tax year. Where we differ with the majority, at least so far, is over the question of whether we need to, quote, pay for the patch by raising other taxes. We have had this debate before on this floor. We know where this debate is headed.

The President's budget, by the way, includes a 1-year patch on the AMT without a pay-for. So that should be made clear to everyone, and that is what we have been proposing for quite some time. That is what the Senate passed by a rather large vote very recently. In fact, 88–5 I believe was the vote that the Senate passed a 1-year patch without tax increases. I applaud that action of the Senate. It does what the chairman of the Ways and Means Committee and I as the ranking member of the Ways and Means Committee, and the chairman and ranking member of the Senate Finance Committee wrote in a letter to the President several weeks ago saying that we promised to pass a 1-year patch on the AMT in a manner that the President would sign. The Senate bill represents that promise. This President has said he will sign that bill. The President has said he won't sign the bill that is before us today. In fact, the distinguished majority leader of the Senate is so intent on not paying for the AMT that he is refusing to send the bill to the House right now so as not to give the majority here another opportunity to load it up with doomed tax increases. Yet our friends on the majority are once again pulling on their helmets and fastening their chin straps, ready to run into the brick wall of using tax hikes to prevent other tax increases. The whole thing would be comical if the implications were not so serious.

In recent weeks, the Treasury Secretary, the Acting Commissioner of the IRS, and the chairman of the IRS oversight board have all written to Congress to urge prompt action on the AMT and warned that continued delay on the patch will result in delayed refunds, confusion, and higher costs to the Treasury. In a recent letter, Secretary Paulson cautioned that ''enactment of a patch in mid to late December could delay issuance of approximately $75 billion in refunds to taxpayers who are likely to file their returns before March 31, 2008. Millions of taxpayers filing returns after that date may also have their refunds delayed.'' Well, here we are now in mid-December and, unfortunately, the majority in the House continues to play a dangerous game of chicken with the American taxpayer and the clock is winding down.

When the House debated H.R. 3996 last month, Republicans argued against applying PAYGO to the AMT patch. We pointed out that if Congress has to increase taxes to prevent a tax increase, then the majority's baseline has baked in trillions of dollars of tax increases over the next decade as the 2001 and 2003 tax cuts reach their current expiration dates at the end of 2010.

The majority's logic seems to go like this: To prevent a tax increase, we must enact a tax increase. Either way it's a tax increase, unless you do as we're suggesting, which is to prevent the tax increase by just patching and freezing the AMT in place as we did last year and the year before.

The House Democrats' version of PAYGO forces Congress to decide whether we will let those tax increases take place or replace them with other tax hikes. But no matter how Congress chooses to raise taxes, if we follow that, we will face the largest tax increase in American history both in nominal and real terms. Moreover, in many ways PAYGO has shown itself to be a farce.

In January, when the new majority instituted PAYGO, the Congressional Budget Office estimated that revenues in fiscal year 2007 would total $2.542 trillion. Actual revenues for 2007 turned out to be $26 billion higher than that. Does the majority plan to return these excess receipts to the taxpayer? No. It's just soaked up by more spending.

Similarly, in January of 2007, the CBO estimated that revenues in fiscal year 2008 would be $2.72 trillion but recently revised that figure upwards by just over $50 billion, almost exactly the same amount that this ''AMT'' costs. Does the majority plan to return this money to the taxpayers, or maybe even credit that against the higher revenues envisioned by the baseline? No. How about crediting it to the AMT patch? No. They are going to pay for it all over again.

□ 1715

As Monday's Wall Street Journal editorial points out, ''PAYGO has been nothing but a confidence game from the very start. PAYGO doesn't apply to domestic discretionary spending. It doesn't restrain spending increases under current law in entitlements like Medicare and Medicaid. Its main goals are to make tax cutting all but impossible while letting Democrats pretend to favor fiscal discipline. The 2003 tax cuts expire in 2010 and PAYGO will make them all but impossible to extend.''

The President and the Senate have made clear that they do not intend to raise taxes to prevent a tax increase. The bill we are considering today only further delays final resolution of this issue, increasing cost to the treasury and increasing confusion for taxpayers and the IRS. I urge defeat of this bill.

Mr. Speaker, I reserve the balance of my time.

Mr. NEAL of Massachusetts. Mr. Speaker, let me clarify what the gentleman just said. He came the same day that I did. He is one of the better Members to serve here, and I personally and professionally am going to miss him.

Let me clear up what he just said. He said let's borrow the money to pay for this issue. We are saying let's pay the bill now.

Mr. Speaker, with that, I would like to introduce the Speaker of the House of Representatives for a long 1 minute.

Ms. PELOSI. Mr. Speaker, I thank the distinguished gentleman, Mr. NEAL, chairman of the subcommittee for yielding and also for his great leadership on issues that regard strengthening the middle class and growing the middle class in our country.

I also want to associate myself with the remarks of Mr. NEAL when he extended his compliments to Mr. MCCRERY. He is a wonderful Member of Congress, and I am sorry to hear of his announced retirement. He will be missed here.

I listened attentively to Mr. MCCRERY's comments and want to speak to them because I think they pose the question that this House has to decide upon this evening very clearly. Mr. RANGEL and Mr. NEAL have given us the opportunity here tonight to send a clear message to the American people that the leverage in this country has changed to the middle class now instead of protecting the assets of the top 1 percent in our country.

Mr. MCCRERY says to give a tax cut, to prevent a tax increase we are going to increase taxes. Hello? He said, Hello? Hello, Mr. MCCRERY; yes, we are going to give tax relief to 23 million Americans, 23 million Americans, and approximately 5,000 to 10,000 Americans will be paying the tab. And they will be paying the tab because this legislation closes a loophole. We are closing a loophole.

These hedge fund CEOs who have taken their profits offshore to avoid taxes, this is called tax evasion, and this loophole closes that. So yes, tax relief for 23 million families, 10,000 or fewer people paying the price.

What is the alternative? As Mr. NEAL mentioned, to borrow. Happily, my colleagues, for those of you who may not know, I got my seventh grandchild this weekend. And as it is with grandchildren, you always think of the world in which they will live and what we are doing, the fiscal soundness, in the country in which they will live.

So what we are saying to this newborn baby, we have a choice here tonight. We can either close the loophole of tax evasion for the wealthiest people in America in order to give tax relief to 23 million families in America, 5,000 to 10,000 get an increase, 23 million get tax relief, or we can say to the little baby and all little babies born across America and all their children, you are going to pay the tab because this money will be borrowed, probably from a foreign government, possibly from China, $50 billion. Fifty billion dollars. Put that on your tab, little baby, because you are going to be paying that price for a long time.

So it is either the American taxpayer, future generations, suffering if we go the Republican route, or it will be fairness, fairness, a new principle in tax policy in our country. The choice is clear. We choose tax relief for 23 million families with 10,000 or fewer people paying the tab. The wealthiest people, producing billions of dollars, billions of dollars once their loopholes are closed in order to foot the bill or passing this on to our children.

I wonder if our colleagues would be willing, when we talk about AMT, the alternative minimum tax and paying for it, or any other issue when we try to pay for it, if they would be interested when they suggest that we not pay for it, if they would be willing in the same vote to vote to increase the debt ceiling, because that is exactly what you are proposing. Let us not pay for this. Let us increase the national debt in order to give comfort to people who are evading their taxes by going offshore to the tune of billions of dollars.

So I think what the Ways and Means Committee has done is masterful. It is a mystery to me why it isn't bipartisan, and I hope that the bright light that we can shine on it tonight of fairness will encourage the Senate to support this legislation.

Not to pay for the AMT middle-class tax relief is really a hoax on the American people. I know that in the course of the debate my colleagues will make that clear. I thank you.

We have had many proud days in this Congress, when we passed SCHIP, the health insurance for 10 million American children, when we passed many pieces of legislation that related to our children, their health and education and the economic security of their families, the environment in which they live, a world at peace in which they can survive, but none of them has been as proud a day for me as when the Democrats stood tall for the middle class giving them tax relief, having it paid for so that those little children do not have to inherit the debt.

Once again, let's make this the children's Congress and vote for this important legislation.

Mr. MCCRERY. Mr. Speaker, I yield 1½ minutes to the distinguished gentleman from California (Mr. HERGER), the ranking member of the Trade Subcommittee of the Ways and Means Committee.

Mr. HERGER. Mr. Speaker, this bill is the wrong policy for tax-paying families. PAYGO budgeting has put Congress in a straitjacket even on this temporary fix to the alternative minimum tax which was never intended to ensnare 23 million middle-income workers.

In reality, PAYGO fails to rein in out-of-control spending and results in permanent tax increases making tax relief next to impossible.

The other body agrees, going so far as to call this nonoffset AMT patch the ''Tax Increase Prevention Act.'' Insisting on PAYGO brings us down the path of massive tax increases over the next decade. We need to stop this PAYGO charade and pass AMT relief without burdensome new taxes on the American people.

Mr. NEAL of Massachusetts. Mr. Speaker, there are only two ways to respond: Either you borrow the money or you ask people who are hiding money in offshore accounts to pay for it, and that is what we are doing. People who are hiding money in island communities are being asked to give tax relief to 23 million people.

And with that, I yield to the gentleman from Michigan (Mr. LEVIN), the chairman of the Trade Subcommittee of Ways and Means.

(Mr. LEVIN asked and was given permission to revise and extend his remarks.)

Mr. LEVIN. Mr. Speaker, I have been listening, as I hope everybody has, and I think the comments from the minority are the height of fiscal irresponsibility and fiscal irrationality. Both.

You simply say because it was unintended. But no, in 2002 and 2001 when you passed the tax bill, you knew that the AMT was going to take away some of the effect. You knew that. You've known all along that this was coming down the track. And essentially what you said was borrow, borrow, borrow.

And now you are carrying that to a ridiculous extreme by saying don't act and pay for it by closing a loophole that gives people in our country who try to escape taxation by going overseas, don't act. That's irrational as well as irresponsible.

So what we are saying to the Senate is we are giving you another chance. It has been blocked in the Senate by the Republican minority and by the President of the United States. We have to act on the AMT. You have to act at long last responsibly, and so do Senate Republicans and so does the President of the United States of America.

Vote for this bill.

Mr. McCRERY. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Michigan (Mr. CAMP), the ranking member of the Health Subcommittee of the Ways and Means Committee.

Mr. CAMP of Michigan. Mr. Speaker, the bill we are debating today appears to be an exercise in futility. Not only has the President said he will veto it, but it has virtually no chance of passing the Senate. So why has a bill been brought to the floor that virtually is going nowhere?

Instead of this bill, the House should be voting on the bill the Senate passed last week. I wouldn't call it Senate blockage. It passed 88–5. The Senate prevents 23 million Americans from being hit by the onerous alternative minimum tax and does it without permanently increasing taxes. The bill before us includes $50 billion in tax increases. That is $50 billion in taxes the American public was never intended to pay and should never pay.

Last May when the Republicans were in the majority, we passed legislation to prevent the AMT from hitting middle-income taxpayers. We finished our work early and responsibly so the IRS had time to reprogram its computers and print accurate tax forms which prevented unnecessary confusion for taxpayers.

But here we are in December and the Democrats still have not finished their work on the temporary AMT patch. Unfortunately, because of their inaction, millions of taxpayer refunds will be delayed for months. Unfortunately, because of their actions here today, those refunds will be further delayed.

The IRS has warned the majority party that failure to act will result in $75 billion in refunds being delayed for taxpayers who file their returns before March 31 of next year. Millions more will be delayed to taxpayers filing after that date. Rather than take up the Senate bill which the President has signaled his intent to sign, the majority party in the House is wasting time by bringing up a bill that includes unacceptable tax increases. People are already paying high enough taxes. They are already paying enough in taxes. I urge my colleagues to vote against H.R. 4351.

Mr. NEAL of Massachusetts. Mr. Speaker, we cannot predicate our actions in the House of Representatives on the basis of what the President might or might not do. Article I of the Constitution mentions Congress as the first branch of government for good reason, to keep a check on the executive, not vice versa.

Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. BECERRA).

Mr. BECERRA. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, today Americans believe that our Nation's leaders have forgotten the middle class. They believe that Big Business gets whatever it wants any time it wants it in Washington, DC, and they feel that way because what they see is that the top Americans in income have seen their incomes skyrocket. Meanwhile, most Americans have seen their wages stagnate for the last 5 years.

Americans have watched as 3 million manufacturing jobs have left this country, and today, outsourcing to China and India threaten millions more. We see pensions and health insurance becoming too expensive for too many Americans to afford. We have seen the costs double for those pensions and that health insurance over the last 5 years, and we have seen gasoline prices triple.

□ 1730

What we need is an economy that works for everyone and makes America stronger. So what we propose in this bill is to show the American people that we do hear them.

This bill is responsive. It provides tax relief to 23 million middle-class families, and it helps 12 million children by expanding the child tax credit. And this bill is responsible because, rather than just borrow the money to provide the tax relief, we pay for it up front. And the Speaker already said it. We're giving it to tens of millions of people, the tax relief, and only asking thousands to pay for that.

This is responsible because we will not add to the already big $9 trillion debt. We won't add to the fact that today alone, $2 billion will have been spent by this country in deficit spending. Each and every American in this country, including the child that is born today, begins a birth tax now of a $29,000 bill because of the size of the debt.

We want to do this responsibly. This is a different day in this Congress. We told America we would change direction, because we want to be responsible and help all Americans, but be responsible and pay for what we do.

Mr. McCRERY. Mr. Speaker, at this time I yield 3 minutes to the distinguished gentleman from Wisconsin, a member of the Ways and Means Committee, Mr. RYAN.

Mr. RYAN of Wisconsin. Let me put this in context. Mr. Speaker, the distinguished Speaker of the House came to the floor and said, we're providing tax relief for people. No, we're not. This isn't tax relief. What this bill attempts to do is prevent a tax increase, so nobody is seeing their taxes lowered under this bill. That's point number one.

But point number two is this is a new precedent that is being established here. What is this new precedent? This tax, the alternative minimum tax, is a mistake. It was never intended to be. Everybody acknowledges that. It was designed to get 155 really rich people in 1969, to make them pay taxes. It was never designed to tax 23 million people in the middle class this year. So we agree in Congress this shouldn't exist. Let's get rid of it. In all preceding Congresses we've said, let's not get new people caught up into this trap, and just be done with it.

The new precedent that is occurring here today is, the majority says, while we may not like this tax itself, we want that money. We may not like this way of taxing it, but we sure want this money coming into the Federal Government. And that's the new precedent that is occurring today which is an endorsement of this tax increase, a endorsement in acceptance, a wanting of this new and higher tax revenue.

What does that do? That brings us to a whole new size of government. What we have had in the last 40 years is the Federal Government has taxed the U.S. economy at 18.3 percent. That's the 40-year average. That's how much Washington takes out of the U.S. economy.

With this tax in place, with this new alternative minimum tax, that takes us up to an unprecedented level of government spending and taxing to 24 percent. What the majority is doing is putting us on this path of ever higher levels of taxation, even higher than during World War II. Why are they doing this? To spend more money.

There is a difference in philosophy here, Mr. Speaker. There's a basic philosophical difference. My good friend, who's a good man from Massachusetts will say, well, they're just borrowing to do this. We say, let's address entitlements. Let's focus on spending and keep taxes low.

They say, we don't want this tax but we want this money so we're going to raise some other permanent tax to get it into the government.

Here's the difference. Our priority is the taxpayer comes first, government second. Their priority is government comes first, the taxpayer is second. The government's in the front of the line. The taxpayer gets stuck with the tab.

We're saying the American families are taxed enough. They're paying enough in taxes. Because, you know what, we've got to watch it. We've got to make sure that we're competitive in the 21st century. We've got to make sure that we can keep jobs in America. And if we put ourselves on this path of unprecedented levels of taxation, we will lose our greatness in this century. We will sever that legacy of giving the next generation a higher standard of living, and we will be unable to compete with the likes of China and India if we buy into this notion of ever higher taxes. That's why we should oppose this bill.

Mr. NEAL of Massachusetts. Mr. Speaker, what my friend, Mr. RYAN, just said, he's really a good guy here. He simply said that our priority was a bit confused. Our priority is clear. Cut taxes for 23 million Americans and close an offshore account.

With that, I would like to yield 2 minutes to the gentleman from Texas (Mr. DOGGETT).

Mr. DOGGETT. After having run the national debt up sky high, these Republicans clamor for another loan. ''Just give us another $50 billion for one more tax cut.'' And we Democrats are saying ''No, your debt addiction must stop today. You're way over your credit limit.''

The Republican borrow-and-spend approach that we've had for the last 7 years may be easy politics, but it's mighty hard on an economy where the dollar keeps falling so that it's worth even less today than a Canadian looney.

In this bill, one way that we stop this Republican credit card borrowing spree is by adopting much of the Abusive Tax Shelter Shutdown Act, which I first introduced in June 1999. It combats tax shelters by denying a deduction for transactions that lack what is called ''economic substance.'' What that means is no more tax evasion by corporations that rely on what one professor described as ''deals done by very smart people that, absent tax considerations, would be very stupid.'' And it is very stupid to allow them to continue doing that.

When the corporate tax dodgers are made to pay their fair share, as this bill does today, everybody else who plays by the rules can pay less. And that's what this bill does. We stop corporate tax evasion; we stop corporate tax dodgers from shifting the tax burden to middle-class families, ensuring today both tax fairness and fiscal responsibility.

Mr. MCCRERY. Mr. Speaker, may I inquire as to the time remaining for each side.

The SPEAKER pro tempore. The gentleman from Louisiana has 17 minutes remaining. The gentleman from Massachusetts has 14 minutes remaining.

Mr. MCCRERY. Mr. Speaker, at this time I would yield 3 minutes to the distinguished gentleman from Texas (Mr. BRADY), a member of the Ways and Means Committee.

Mr. BRADY of Texas. Mr. Speaker, it's sort of hard to listen to lectures about fiscal responsibility. For years Democrats have claimed that it is time to pay for this war; it's fiscally irresponsible not to pay for this war; it ought to be part of the budget. Have they paid for the war? No, not a dime.

For years they said it's irresponsible to raise the debt limit; it's all your fault; we cannot raise the debt limit. What did they do the first 2 months of this session? Raise the public debt limit.

For years they've said we need to pay for all our spending, pay for all our taxes. So what have they done?

I have a list of 27 different pay-fors that have been used multiple times already in this session. It's like using your home as collateral 27 different times. In the real world we call that fraud.

It's unfortunate we are here today. I honestly don't believe when Democrats created this tax in the 1960s that they intended ever to cover this many middle-class Americans. But it has happened. Republicans, to their credit, had killed the AMT in 1999, but President Clinton unfortunately vetoed it. Today it has gotten bigger and badder and worse than ever. It is appropriate that we move to both freeze and then to repeal the alternative minimum tax. But there are real serious problems with this bill.

Paying for a temporary tax of 1 year with a permanent tax is just, again, fiscally irresponsible. It is like taking a loan out to pay for a cheeseburger.

This bill ignores the need to continue tax relief for States that have State and local sales tax deductions, for college tuition tax credits, for research and development tax credits, even for teachers who take classroom supplies and pay for them out of their pockets, we're not addressing their needs. And those all expire at the end of this year.

Finally, I think it is a mistake to raise taxes in order to prevent a tax increase. What we ought to be doing is we ought to be sitting down together, Republicans and Democrats, figuring out a way to thoughtfully and carefully trim this budget, this big, fat, bloated, obese budget up here so we don't increase taxes. Before Washington asks families to tighten their belt, we ought to sit down and tighten our belt first.

This is a bad bill, a fiscally irresponsible bill, and I urge opposition.

Mr. NEAL of Massachusetts. Mr. Speaker, I need to quickly correct the record. In 1969 when the alternative minimum tax was put in place, it was not a Democratic scheme. The vote was 389–2 in this House of Representatives.

With that, I would like to yield 1 minute to the gentleman from Georgia (Mr. SCOTT).

Mr. SCOTT of Georgia. Mr. NEAL, I want to thank you and Chairman RANGEL for your leadership on this extremely important bill.

There are several points I would like to make. First of all, my good friends, my Republicans on the other side of the aisle, it must be clear. There's no question about it. What the Republicans want to do is borrow the money to pay for this tax from China, from Japan, and have our children and grandchildren pay for it. But they don't want to just stop there. They also want to protect those wealthy 1 percent who are using tax loopholes to hide their money away from taxation in offshore accounts. That is what our Republican colleagues want to do.

We, on the Democratic side, want to look at this in the responsible way, as the American people expect. We have to provide tax relief for 23 million American families. How to do that is most assuredly to pay for it. And we're doing it by closing these offshore loopholes.

Mr. MCCRERY. Mr. Speaker, I yield 2½ minutes to the distinguished gentleman from Virginia, a respected member of the Ways and Means Committee, Mr. CANTOR.

(Mr. CANTOR asked and was given permission to revise and extend his remarks.)

Mr. CANTOR. Mr. Speaker, just as she did this evening, on November 9 of this year, Speaker PELOSI stood on the floor of this House and told the American people that the middle class was long overdue for tax relief. She said that an AMT bill had to be about tax fairness, fiscal responsibility and keeping America competitive.

Yet, once again, Mr. Speaker, the current attempt at patching the AMT rings hollow. As the ranking member indicated, we know where this debate is going; and, frankly, we know where this bill is going: nowhere. This attempt, just as others that have failed, illustrates to me the disconnect between this majority in this House and the American people. In fact, it echoes what's been going on in this House over the last several weeks, if not months. Here we are a week and a half before Christmas and we've not finished the work that the American people sent us here to do.

But, in fact, it is the disconnect between the majority leadership and middle-class American families that troubles me most. If you look at what's going on out there, families are worried about the flagging economy which has fueled alarming levels of anxiety. In spite of a weak dollar, skyrocketing gas prices, falling home values, and other mounting concerns, the Democrat majority in this House refuses to accept the reality of a $2,000 plus tax hike facing millions of middle-class families.

Let's get to work. Let's realize that this bill isn't going anywhere.

The House majority refuses to cut taxes or sustain expiring growth, progrowth tax cuts without first raising other taxes. Their dogged adherence to this policy as it applies to AMT puts them at odds with the American people.

The overwhelmingly bipartisan Senate bill, as has been said, rightly abandoned the misguided idea of raising taxes to cut taxes just so Washington can spend more. In this tax fight the stakes for everyday families are high, and the potential consequences are severe.

Mr. Speaker, just 4 weeks ago Speaker PELOSI stood here and promised the middle class tax fairness and fiscal responsibility. In light of this attempt, I wonder why we can't just come together, stop the political games, and support real tax relief for 23 million American families.

Mr. NEAL of Massachusetts. Mr. Speaker, without this bill passing, there are 74,000 people in Mr. CANTOR's district that will pay alternative minimum tax next year.

With that, I would like to yield 2 minutes to the gentleman from California (Mr. THOMPSON).

Mr. THOMPSON of California. Mr. Speaker, today we're debating legislation that will provide middle-class families with tax relief from the AMT tax, 23 million taxpayers. We'll pass this legislation, offering AMT relief to middle-class families without increasing the Federal deficit.

My good friend from Wisconsin said earlier that this sets a new precedent. Yes, it does. We're going to be paying for this tax relief. That is precedent setting. To do otherwise would be an abdication of our responsibilities, both as legislators, and as stewards of our Nation's finances.

This administration has presided over 7 years of fiscal mismanagement. Spending has skyrocketed. Entitlements have expanded. Taxes have been cut without any regard to the bottom line.

□ 1745

As a result, our budgets haven't balanced, our surpluses turned into deficits, our national debt exploded, and our borrowing from other countries more than doubled.

If there was ever a time when fiscal discipline was necessary, it's today.

From day one, this Democratic majority has pledged our commitment to budget enforcement. One of our first acts as a new majority was to implement PAYGO rules. The position of this House and this majority has not changed. Congress must pay as we go, and we pay for this tax relief today by closing loopholes which allows tax avoidance for wealthy folks who move their money offshore, and we take what we gain from closing that loophole and in turn we pay for middle-class tax relief. Twenty-three million people will be hit with a tax increase if we don't pass this.

This legislation provides responsible tax relief. It does not increase the deficit and it deserves our vote.

Mr. MCCRERY. Mr. Speaker, several of the speakers on the majority side have said that this bill provides tax relief for 23 million middle-class taxpayers. That is simply not correct, at least not in the common sense of that term.

If you ask somebody on the street, a taxpayer, if you pay the same amount in taxes this year as you paid last year, is that tax relief? No. They're paying the same in taxes. That's all this bill does. Doesn't give them any relief. If you ask that person on the street, if you pay more in taxes this year than you paid last year, is that a tax increase? Yes. We're trying to prevent 23 million taxpayers from getting a tax increase. We're not giving them tax relief. We're preventing a tax increase.

So why on Earth, to prevent that tax increase, should we increase taxes on somebody else? It just doesn't make sense, Mr. Speaker.

Mr. Speaker, at this time, to further elucidate that point and others, I yield 2 minutes to the gentleman from Texas (Mr. HENSARLING).

Mr. HENSARLING. Mr. Speaker, I thank the gentleman for yielding, and he makes a very important point. As hard as I look at this bill, I can't find any tax relief in it. People who somehow think that by preventing a massive tax increase on the American people, that that's tantamount to relief, they need to talk to the schoolteacher in Mesquite, Texas. They need to talk to the rancher in Murchison, Texas.

Again, if you make the same amount of money next year that you made last year and you're paying the same amount of taxes, where's the tax relief?

This bill is misnamed. The AMT is misnamed. It ought to be called the alternative massive tax increase because it's a massive tax increase on the American people of $55.7 billion. The only thing that's alternative about it is who has the great honor and pleasure of paying for this tax.

Now, I've heard many speakers on the other side of the aisle come and say, well, we pay for it. Well, that will certainly come as a great relief to the teachers and the ranchers and the small business people of the 5th District of Texas to know that you're not going to increase their taxes because somehow you've paid for it.

You haven't paid for anything. You've put a massive tax increase on the American people, and in this particular case, you are putting it on investment. You're putting it on small businesses. You're putting it on the capital of capitalism, and you are threatening the paychecks of the American people.

Now, I've heard many people come here to the floor and say, well, we have to be fiscally responsible; this needs to be revenue neutral. Well, I agree with my friends on the other side of the aisle. It does need to be revenue neutral. It ought to be revenue neutral to the taxpayer, not the Federal Government. That's the revenue neutrality that we should attempt to achieve here.

I heard my friend, the gentleman from Massachusetts, say, well, we have to pay this or there's going to be this tax increase. Well, there's another alternative. There's several alternatives. One's the Taxpayer Choice Act, which would get rid of the AMT once and for all.

There's a clear choice before us. Who's going to get the $55.7 billion, Federal Government bureaucrats or American families? We vote for the American family.

Mr. NEAL of Massachusetts. Mr. Speaker, one of the reasons I like Mr. MCCRERY is because I think he's one of the smartest guys that serves here in this institution, and let me just say this.

I agree with what he said. If you stop 23 million people from getting a tax increase, that is tax relief. There are 33,000 people tonight in Mr. HENSARLING's district that are going to pay alternative minimum tax if we don't pass this legislation.

Mr. Speaker, with that, I yield 2 minutes to the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. Mr. Speaker, I thank the gentleman for yielding.

This has been a very curious discussion, and statements made have no relation whatsoever to either reality or to history.

We just heard the pay-for in this bill described as a massive tax increase that will affect teachers in Texas. This bill goes after hedge fund managers, parking income in Bermuda bank accounts, exploiting tax loopholes and not paying what they owe.

The alternative is to do what the minority is suggesting, and that is just to borrow the money, borrow the money and let the kids worry about how they're going to pay it back in their day. Well, at least we have agreement we need to address the alternative minimum tax, but let me tell you why we're worried about borrowing the money.

Since President Bush took office, the gross national debt has increased nearly $3.5 trillion. At that rate of borrowing, do you know something? We will borrow an additional $57 million in the course of this debate. It is truly astounding the red ink that they've run this country into, and all we hear from them today is more borrowing, please.

You know, they had a chance during their tenure here to fix the alternative minimum tax. They say we shouldn't have to pay for it because it was never intended to act this way. Well, they had 7 years to fix this alternative minimum tax, and instead, you know what they did? They counted the revenue that was projected to come in on the alternative minimum tax to justify those tax cuts, those budget-busting tax cuts passed in 2001 and 2003 that have put us in this deficit ditch that we find ourselves in.

It's time for fiscal responsibility. Pass this bill. Pay for AMT relief.

Mr. MCCRERY. Mr. Speaker, I yield myself so much time as I may consume.

Mr. Speaker, some of the Members of the majority who seem to be so sincere about not borrowing any more money are the same people that are voting for appropriations bills that exceed what we spent last year plus inflation. So they don't seem to be worried about borrowing more money to spend on goodness knows what. And they're not suggesting yet that we just wipe out all the deficit and thereby prevent any more borrowing by raising taxes totally to do away with the deficit. So we're just talking about a degree of adding to the debt, little here, little there. If we do it by spending, it's okay. If we let a tax increase take place to get the deficit down, that's okay.

Well, I think that pretty well defines one of the differences between the two parties in this House. We don't want to increase taxes to balance the budget. We'd rather reduce spending. We'd rather hold the line on spending, nondefense discretionary at least and nonhomeland security discretionary. We don't want to solve the deficit by increasing taxes; whereas, the majority is content to raise spending to increase the debt, and then the only way they want to address the debt is to increase taxes.

That's a pretty clear demarcation, Mr. Speaker, of the philosophies of the two parties, and it's become quite apparent as this year has progressed.

Fortunately, the majority, which was then the minority, voted with us the last time we had a freestanding AMT patch, with no pay-for. The now-majority who was there then voted overwhelming with us to do exactly what we're suggesting we now do and what the other body has already passed.

Mr. Speaker, that's the clear resolution of this problem. I beg the majority, let's don't delay this anymore. Don't cost the taxpayers anymore. Don't make the IRS send another set of forms to the printer. Don't delay the refunds of millions, maybe as many as 50 million taxpayers. That wouldn't be right for our inaction.

So let's get this off the floor. I don't have any more speakers. Let's vote, get this done, and then we can get on to really solving the problem.

Mr. Speaker, I reserve the balance of my time.

Mr. NEAL of Massachusetts. Mr. Speaker, I thank the gentleman for clarifying the issue of why we should borrow the money. With that, I yield 2 minutes to the gentleman from Oregon (Mr. BLUMENAUER).

Mr. BLUMENAUER. Mr. Speaker, I understand after what the gentleman just said that he would like to stop debate and move on because, with all due respect, that's turning it on its head.

He's right. When they were in charge, they did offer up a fix that President Clinton mercifully vetoed because if it had been in place in 1999, their proposal would have required almost $800 billion more in deficit spending. But when they were entirely in charge for the last 6 years, they ignored this all together. In fact, they have used every dime that was projected by CBO to fuel their massive spending increases.

Go back and look at the record. Your record for increased spending has been far above the rate of inflation, far above the Clinton administration. It embarrassed your fiscal conservatives. Even Mr. RYAN on the Budget Committee kind of gets embarrassed about your performance for the last 6 years.

That's why you have increased in the Bush——

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The gentleman will suspend. The gentleman will address his remarks to the Chair. The gentleman may proceed.

Mr. BLUMENAUER. Mr. Speaker, I appreciate the admonition.

That's why we've had a $3.4 billion increase in the national debt in the first six years of the Bush administration as opposed to a surplus, budget surplus from the Clinton administration, which I think the majority leader will be talking about.

This is not a tax increase. The Federal Government will collect exactly the same taxation over the next 10 years under our proposal as under the Bush budget proposal right now. The difference is they're spending 23 million taxpayers' alternative minimum tax for the next 10 years. That's how they deal with the budget. We stop that.

Mr. MCCRERY. Mr. Speaker, I appreciate the gentleman from Oregon bringing up the fact that President Clinton vetoed the repeal of the AMT back in 1999 when we were in the majority. We did indeed repeal the AMT, only to have that vetoed by President Clinton.

However, the gentleman went on to say that for the last few years we did nothing and accepted all the revenues. That's simply not the case. We put a patch on the AMT every year, just like we're proposing to do this year. The President's budget does not assume the revenues from the AMT increase in this fiscal year. His budget proposes a 1-year patch with no pay-for.

Mr. BLUMENAUER. Mr. Speaker, will the gentleman yield?

Mr. MCCRERY. I yield to the gentleman from Oregon.

Mr. BLUMENAUER. Doesn't the Bush administration budget assume the CBO numbers that include the alternative minimum tax for the next 10 years?

Mr. MCCRERY. Not for the year 2007, which is the object of the legislation before us.

Reclaiming my time, yes, this legislation deals with tax year 2007. If we do nothing, the AMT goes into effect for tax year 2007. The President's budget says for tax year 2007 there should be a patch, a freeze on the AMT so that it doesn't affect additional taxpayers, and he does not call for the revenues in his budget.

Mr. Speaker, I reserve the balance of my time.

Mr. NEAL of Massachusetts. Mr. Speaker, might I inquire as to how much time remains on each side?

The SPEAKER pro tempore. The gentleman from Massachusetts (Mr. NEAL) has 6¼ minutes remaining. The gentleman from Louisiana (Mr. MCCRERY) has 4½ minutes remaining.

□ 1800

Mr. NEAL of Massachusetts. With that, I would like to yield 2 minutes to the gentleman from New Jersey, who has been a longtime advocate of repealing the AMT, Mr. PASCRELL.

Mr. PASCRELL. Mr. Speaker, I'm glad we had that last exchange because that's the heart of the issue. It's disingenuous. It's almost bordering on hypocritical because from 2008 to 2017 the administration, the same administration that got us into this mess, assumes the revenue that we will be accepting from AMT every year. This is disingenuous. Tell the American people what the whole story is, not just half the story.

What we want to do, Democrats, we want to prevent millions of working families, 100,000 in my own district, from seeing their taxes increase substantially. We're talking $3,000, $4,000. We're not talking chicken feed here. It pays for the lost revenue by stopping hedge fund managers and corporate CEOs from escaping income taxes by using offshore tax havens.

I can only conclude from what I have heard this evening that the minority wants to protect tax evaders. That's what you want to do. Tell the American people straight up what you want to do. You don't want to protect the fireman, the police officer, the doctor, the lawyer. You want to protect that small group of people, you heard the Speaker talk about it, 5,000 to 10,000 people. That's what this protection scheme of yours is all about.

Most Americans think what we're trying to do is fair and decent and reasonable because it is. But in the warped reality of Washington, there are Members of Congress who believe otherwise. There are actually Members who would rather see working families bear the burden of tax hikes than even a minor adjustment in the Tax Code to ensure that the richest among us pay their fair share. This is what this is all about. Fairness. You kicked the can down the street further. It's our children and our grandchildren that will have the burden.

Speak up tonight in one voice. You have an opportunity. The barometer is not Wall Street; it's Main Street.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. ISRAEL). Members are reminded to address their remarks to the Chair.

Mr. MCCRERY. Mr. Speaker, I yield myself such time as I may consume.

The gentleman on the Ways and Means Committee who just spoke claimed that I was being disingenuous. I'm sorry if my remarks were interpreted as being disingenuous. I don't mean to be. I was simply trying to stick to the substance of the legislation before us, which deals with the AMT as it applies to tax year 2007. And with respect to that tax year, the President's budget simply does not, as has been suggested by some Members on the other side, assume revenues from an increase in the AMT. It simply doesn't.

Now, the gentleman is correct, and I would love to debate this at the appropriate time, but the gentleman from

New Jersey is certainly correct that from 2008 to 2017, the President's budget does, indeed, assume revenues from an increase in the AMT. However, the President's budget also assumes making permanent the tax cuts of 2001 and 2003. So you have to weigh all that together, and when you do, you get a fairly level percent of GDP, around 18.5 percent of GDP, coming into the government in the form of revenues. Under the majority's PAYGO rules, if continued to be applied, and I hope they're not, we would see revenues as a percent of GDP rise by 2017 to 20.1 percent of GDP. So there's a big difference between the PAYGO rules of the majority and what the President has proposed.

Mr. Speaker, I reserve the balance of my time.

Mr. NEAL of Massachusetts. Mr. Speaker, I would like at this time to yield 1 minute to the gentlewoman from Nevada (Ms. BERKLEY).

Ms. BERKLEY. Mr. Speaker, I rise today in strong support of the AMT Relief Act, a bill that's going to provide tax relief to millions of middle-income Americans.

If this legislation is not passed, more than 128,000 Nevada taxpayers will see their taxes increase by the AMT. This includes more than 30,000 people in my district who were never intended to pay this tax, and they elected me to make sure that they don't.

Now, I believe the alternative minimum tax should be eliminated, but until it is, this bill provides the necessary temporary solution to protect 23 million Americans who would be hit cruelly by an increase in the AMT in 2007.

This bill also ensures that more working parents will be able to benefit from a refundable child tax credit. Currently, some of the families who would benefit the most from the $1,000 refundable credit actually make too little to qualify. This bill lowers the income barrier, allowing all eligible families earning more than $8,500 to benefit.

It's also important to note that the tax relief in this bill is fully paid for and will not add a single dollar to the national debt. That's fiscal responsibility.

Mr. MCCRERY. Mr. Speaker, I reserve the balance of my time.

Mr. NEAL of Massachusetts. Mr. Speaker, I would like to yield 1 minute to the gentlewoman from Pennsylvania (Ms. SCHWARTZ).

Ms. SCHWARTZ. I want to thank Chairman NEAL for his leadership on this issue and for his dedication to tax relief for middle-income Americans.

Why are we again talking about the AMT? We are here because Republicans have made it clear that they prefer political expediency over fiscal responsibility. They have decided that it is fine to pile debt onto the shoulders of future generations. They say so what if we add $50 billion next year to our national debt? So what if we add $1 trillion to our national debt over 10 years?

My Republican colleagues have said there is no need to pay for AMT relief because this tax was never intended to hit these people. Did they forget that in 2001 the Republican Congress knew that the first round of Bush tax cuts for the wealthy would be paid partly by pushing 24 million middle-income American taxpayers into the AMT in 2007? Did they forget that for the past 6 years their budgets anticipated tax revenues from these middle-income taxpayers to mask their failed fiscal policies of the last 6 years?

No, they didn't forget. They just didn't want to act responsibly. We will not act so recklessly. We will provide tax relief and we will pay for it.

Mr. MCCRERY. Mr. Speaker, I reserve the balance of my time.

Mr. NEAL of Massachusetts. Mr. Speaker, I would like to recognize the gentleman from New York (Mr. CROWLEY) for 1 minute.

Mr. CROWLEY. Mr. Speaker, there are a few key numbers to remember today: 25 million, the number of American families who will be hit by the AMT this year without any action; $2,000, the minimum increase in income taxes for those 25 million Americans hit by the AMT; $9 trillion, our national debt today; $30,000, the share of the national debt by every man, woman, and child in America due to the reckless fiscal policies of President Bush; $0, the cost of this Democratic tax cut to the American public as Democrats are weaning this country off credit card-onomics; four, the number of votes so far this year on legislation to fix the AMT in 2007; zero, the number of votes Republicans in the House have taken to provide tax relief to those 25 million Americans.

The game is up. The American people are watching. Either we are going to stand together today to provide 25 million middle-class Americans a tax cut while not adding to the share of the deficit owned by our children and grandchildren, or we can stick with the failed policy of the past and continue to stall and do nothing.

The choice is easy. America can no longer live off credit card-onomics. We need to manage our House like we expect our constituents to manage their homes. Support this bill. It is tax relief without tax recklessness.

Mr. NEAL of Massachusetts. Mr. Speaker, I yield for the purpose of making a unanimous consent request to the gentlewoman from New York (Mrs. MALONEY).

(Mrs. MALONEY of New York asked and was given permission to revise and extend her remarks.)

Mrs. MALONEY of New York. Mr. Speaker, I rise in support of this legislation, which will provide relief to over 100,000 of my constituents.

This week, the House will once again restate our commitment to fiscal responsibility and pass legislation to provide millions of middle-class families with tax cuts to grow our economy without increasing the national debt.

The AMT Relief Act contains must-pass provisions that will provide $50 billion in immediate tax relief for working families by preventing 23 million middle class families from paying higher taxes this April.

Without this legislation, these 23 million families will be subjected to the alternative minimum tax, including almost 111,000 of my constituents.

When the AMT was enacted, it was meant to ensure the wealthiest among us paid their fair share of a tax that was never designed to hit the pocketbooks of middle-class families.

While this is only a temporary fix, I want to be clear that I hope we can move forward in the near future to provide a long-term solution to this problem.

I am proud that Chairman RANGEL and Speaker PELOSI have brought this fix to the floor today while still adhering to the pay-as-you-go promise this Democratic controlled Congress has promised the American people.

Their leadership have truly brought our country in a new direction.

On the other hand, President Bush has threatened to veto and Senate Republicans voted against the earlier House-passed AMT bill because it adhered to our pay-as-you-go promise.

The stubborn fiscal irresponsibility of President Bush and Senate Republicans has delayed getting middle-class tax relief approved in a timely fashion and resulted in the Senate passing AMT relief legislation that is not paid for—passing debt instead of prosperity onto our children and grandchildren.

We are trying every possible alternative to adhere to pay-as-you-go budget rules—reversing the years of failed Republican policies that have mortgaged our grandchildren's future with additional foreign-owned debt—giving the Senate one more chance to do the right thing.

While fixing the AMT is of outmost importance, we cannot afford to mortgage our children's and grandchildren's future to pay for this tax relief.

Our country is currently burdened with over $9 trillion of national debt, with each American's share at nearly $30,000.

We simply cannot afford to keep adding to this.

Mr. Speaker, the Democrats in Congress are providing common sense tax relief for middle-class American families, and we are doing it in a fiscally responsible way.

I urge this bill's adoption.

Mr. NEAL of Massachusetts. I would like to call upon at this time the majority leader of the House of Representatives, my friend, Mr. HOYER, to close the debate on our side.

Mr. HOYER. I thank my friend from Massachusetts (Mr. NEAL).

I want to say at the outset that I am pleased that Mr. MCCRERY is on the floor. There will be other times to say this, but Mr. MCCRERY is one of the respected Members of this House. I think he serves us well as ranking member of the Ways and Means. I know he'd rather be chairman of the Ways and Means, but we like him as ranking member. He has indicated he is not going to be with us in the next Congress. That's regrettable because he is one of the good Members of this Congress, and I want to say that to my friend.

Now, let me talk about the question at hand. Mr. Speaker, we debate here in the House, and many Americans have the opportunity to see this debate. This debate is a relatively simple debate. It's not just about the alternative minimum tax or the consequences of not putting a so-called patch, and nobody in America knows what that means but simply it means saying that the alternative minimum tax won't affect 25 or so million people in America. None of us on either side of the aisle want that to happen. The issue is not whether or not any of us feel that ought to happen. It is do you pay for it? Do you provide for the revenue fix that will be necessary if we cut that revenue?

Let me say to my friend from Louisiana, he has said a number of times on this floor that the President didn't count the revenue for this year from the AMT. He didn't provide the money to pay for it. He simply didn't anticipate the revenue. What he did not say, however, is that the President did anticipate the revenue for the next 9 years. Furthermore, the President anticipated in 2006 that we would have the revenue generated by the AMT in the year we're going to so-called fix, so that the administration sent us a budget counting on this revenue that we are about to say we won't receive.

So I tell my friend from Louisiana, it is somewhat misleading, I think, not intentionally, I understand, to say that the President didn't rely on the revenue for this budget. That's true. He relied on it last year and the year before that and the year before that and the year before that and the year before that and in 2001. And he relied on it, I tell my friend, to offset your tax cuts because, as you recall, in your 2003 tax cut, part of the revenue that was anticipated was this revenue that the gentleman says he does not want to collect and that the President is not relying on for 2007. He's accurate but in a very narrow sense, because the President has relied upon it every other year.

Mr. McCRERY. Mr. Speaker, will the gentleman yield?

Mr. HOYER. I yield to my friend.

Mr. McCRERY. I thank the gentleman. The gentleman likewise is accurate in his remarks, very cleverly so.

Mr. HOYER. Is that a compliment or not?

Mr. McCRERY. Yes, sir, it is. But the fact is the most recent budget submitted by the President for this taxable year, 2007, does not, in fact, assume the revenues from an increase in the AMT.

Mr. HOYER. Reclaiming my time, Mr. Speaker, the gentleman is absolutely correct and that's my point. But in previous years the President has told us in his budget this revenue would be available, and he has relied on that to offset what would otherwise be larger deficits either as a result of tax cuts or of spending. He has relied on this money.

So what we are saying on this side of the aisle is let's pay for the revenue that the President anticipated if we're not going to take it, and none of us want to take the revenue that is generated by the alternative minimum tax in this fiscal year.

□ 1815

So, ladies and gentlemen, if we don't pay for it, what do we do? Because the President relied upon it in previous budgets, and, frankly, the Congress did as well on both sides of the aisle. If that revenue does not come in and we don't pay for it, there is only one thing to do: borrow. And this administration has borrowed more money from foreigners than any administration in history all together. From Washington to Clinton, all together they didn't borrow as much money as this President has borrowed from foreign governments and put our country at risk. We're saying let's stop that. And in the 1990s, ladies and gentlemen of this House, we said let's stop that. Who's "we"? President Bush, the Democratic House and the Democratic Senate said let's stop that, and we adopted PAYGO. And in 1997 we had another agreement, and a Democratic President and a Republican Congress said let's continue that policy because we believe it's a good policy.

And just a few years ago, the former chairman of the Budget Committee, Jim Nussle, who is now the Director of the Office of Management and Budget, said PAYGO is a policy that has worked, and we ought to pursue it. But as my friend knows, in 2001, we simply abandoned PAYGO. Why did we abandon PAYGO? Because demonstratively it had worked. For the previous 4 years we had, for the first time in the lifetime of anybody in this House of Representatives, had 4 budget years in a row that produced a surplus. Four. Why? Because we had a PAYGO in place. Why? Because when we wanted to take actions, we had to have the consequences of our actions and tell the American public it was not a free lunch. We would have to pay for it.

That's simply what this bill does. It pursues the policy of fiscal responsibility. It abandons the policy of fiscal irresponsibility and the pretense that there is a free lunch that we have been pursuing for the last 7 years and incurred that $1.6 trillion, give or take $100 billion, in the last 7 years.

Ladies and gentlemen of this House, no one wants to have a tax increase for these 25 million people. It was never intended. But some of my Republican colleagues say we didn't intend this, so we ought not to pay for it. That's like saying I didn't intend to run the stop sign and have an accident, and therefore, we don't have to pay for the consequences. We have relied on this money, the President has relied on this money. But we're saying we're not going to collect it, but we will responsibly pay for it.

In closing, let me say that CHARLIE RANGEL likes to quote Russell Long, who said, "Don't tax me. Don't tax thee. Tax the man behind the tree." Unfortunately, ladies and gentlemen of the House, the policies that we pursue are not taxing me and not taxing thee, but taxing the children and the grandchildren behind the tree.

It takes courage to pay for things. The largest expansion in entitlement programs in the last 25 years was done with hardly any Democratic votes and all Republican votes, and it wasn't paid for. We were told that it was within the budget. It wasn't. It wasn't paid for. Our children and grandchildren will pay that bill.

Have the courage, the wisdom, and the good common sense to adopt this legislation, and urge our colleagues in the other body to share that courage, to share that common sense to morally step up to the plate and have this generation pay for what it buys. Pass this important bill and pay for it.

GENERAL LEAVE

Mr. NEAL of Massachusetts. Mr. Speaker, I would ask unanimous consent that all Members have 5 days in which to revise and extend their remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mrs. JONES of Ohio. Mr. Speaker, I am pleased to see that once again we have a responsible solution to the alternative minimum tax from a broad, policy-oriented perspective.

The alternative minimum tax is a critical issue for the American middle class taxpayer who does not get to take advantage of sophisticated tax planning and legal loopholes in the tax code. It is time that we addressed this issue once and for all to relieve the American taxpayer from the agony of dealing with the AMT. A permanent fix is what we really need, but today we have to plug the dike once again.

It is particularly ironic that a tax that was meant for 155 wealthy individuals has become the bane of existence for millions of American taxpayers. Indeed the AMT has become a menace. Over seven thousand hardworking Ohioans in my district had the grim task of filing a return with AMT implications in the 2005 tax year. Those are families with children, healthcare costs, unemployment issues, housing costs and the other money matters with which American taxpayers must cope. Tax relief is due.

As I mentioned after the introduction of H.R. 2834, we must continue to laud the efforts of American capitalists and the strides that they make in enhancing and creating liquidity in our capital markets, and helping our economy grow into the dynamic force that it is today. I am also aware of the critical role that offshore hedge funds play in asset management. But we must also have responsible budget offsets.

The tenets of sound tax policy begin with the notions of equity, efficiency and simplicity. Relying on that traditional framework I am sure that we have come to a rational consensus that will ensure 21 million Americans will not be hit with the AMT.

"Taxes are what we pay to live in civilized society," but dealing with the AMT has become a bit uncivil.

Mr. ENGEL. Mr. Speaker, I rise to address H.R. 4351, the Alternative Minimum Tax Relief Act.

Mr. Speaker, the original idea behind the alternative minimum tax, AMT, was to prevent people with very high incomes from using special tax benefits to pay little or no income tax. The AMT's reach, however, has expanded beyond just the wealthy to threaten millions in the middle class. And when the AMT applies, its costs are often substantial.

One reason for the AMT's expansion is that, unlike the regular income tax system, the AMT is not indexed for inflation. Another reason is that individual income tax cuts enacted since 2001 have provided higher credits and deductions and lowered tax rates, thereby leading to more taxpayers owing tax under the AMT.

Last year, 4.2 million Americans were affected by the AMT. The Joint Committee on Taxation estimates that, if Congress does not act, 23 million taxpayers will be affected this year. That will include over 54,000 families in my district—many of whom do not have very high income, and do not receive many special tax benefits. We need to protect these Americans from the AMT.

Further, according to the New York City Independent Budget Office, the percentage of New York City taxpayers currently hit by the AMT far exceeds the comparable national estimate: 6.7 percent versus 4.0 percent.

The bill before us today provides a much needed 1-year patch for the AMT. It is a necessary step in the right direction on this issue; and we completely pay for it.

Mr. Speaker, I urge my colleagues to vote "yes" on H.R. 4351.

Mr. DINGELL. Mr. Speaker, I rise today in support of H.R. 4351, legislation that will provide critical tax relief to millions of middle class Americans. I support the Democratic majority's commitment to passing sensible legislation that will provide a solution to the looming Alternative Minimum Tax crisis. I am disappointed that President Bush and the Republican minority are opposing our efforts to pass this legislation. If this bill is not passed by the Senate and signed by the President, more than 60,000 families which I have the honor of representing here in the House will be required to pay the AMT when filing their 2007 return—an increase of almost 1000 percent since 2005.

I also support the Democratic majority's continuing commitment to responsible fiscal policies. The relief provided in this bill is paid for by closing tax loopholes that allow hedge fund managers and corporate CEOs to use offshore tax havens as unlimited retirement accounts. That the President and his party would side with a few of the wealthiest individuals over millions of middle class American families speaks volumes about their misplaced priorities.

Mr. UDALL of Colorado. Mr. Speaker, I will vote for this bill—as I did for a similar measure last month—because of the urgent need to protect middle-income families from a massive tax increase that will hit them if we do not act to adjust the Alternative Minimum Tax, or AMT.

The bill is not quite the same as H.R. 3996, which I voted for and which the House passed on November 9th. But it resembles that bill—and differs from the version passed by the Senate—in one very important respect: it is fiscally responsible.

The Senate has voted for a bill that does not even attempt to offset the costs of changing the AMT.

I think that should not be our first choice, because for too long the Bush Administration and its allies in Congress have followed that course—their view, in the words of Vice President CHENEY, has been that "deficits don't matter."

I disagree. I think deficits do matter, because they result in one of the worst taxes—the "debt tax," the big national debt that must be repaid, with interest, by future generations. I think to ignore that is irresponsible and falls short of the standard to which we, as trustees for future generations, should hold ourselves.

So, I think that the House pass this bill and give the Senate a second chance to reach that standard.

It may be that our colleagues at the other end of the Capitol will not take advantage of that opportunity, and it may be that in the end the urgency of protecting middle-income families from the AMT will take priority over correcting the mistaken policies of the last 7 years.

But at least for today, we should not give up hope that better judgment will prevail and so we should vote for this bill as it stands.

Mr. McCRERY. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. All time for debate has expired.

Pursuant to House Resolution 861, the bill is considered read and the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. MC CRERY

Mr. McCRERY. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. McCRERY. I am.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. McCrery moves to recommit the bill H.R. 4351 to the Committee on Ways and Means with instructions to report the same back to the House forthwith with the following amendment:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Tax Increase Prevention Act of 2007".

SEC. 2. EXTENSION OF INCREASED ALTERNATIVE MINIMUM TAX EXEMPTION AMOUNT.

(a) IN GENERAL.—Paragraph (1) of section 55(d) of the Internal Revenue Code of 1986 (relating to exemption amount) is amended—

(1) by striking "($62,550 in the case of taxable years beginning in 2006)" in subparagraph (A) and inserting "($66,250 in the case of taxable years beginning in 2007)", and

(2) by striking "($42,500 in the case of taxable years beginning in 2006)" in subparagraph (B) and inserting "($44,350 in the case of taxable years beginning in 2007)".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 3. EXTENSION OF ALTERNATIVE MINIMUM TAX RELIEF FOR NONREFUNDABLE PERSONAL CREDITS.

(a) IN GENERAL.—Paragraph (2) of section 26(a) of the Internal Revenue Code of 1986 (relating to special rule for taxable years 2000 through 2006) is amended—

(1) by striking "or 2006" and inserting "2006, or 2007", and

(2) by striking "2006" in the heading thereof and inserting "2007".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

Mr. McCRERY (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

POINT OF ORDER

Mr. NEAL of Massachusetts. Mr. Speaker, I make a point of order that the motion to recommit violates clause 10 of rule XXI because the provisions of the measure have the net effect of increasing the deficit over the requisite time period. The cost of 1 year of AMT relief is $50 billion, and the motion contains no provisions to pay for that relief.

The SPEAKER pro tempore. Does any Member wish to be heard on the point of order?

Mr. McCRERY. Mr. Speaker, I do not believe it is the intent of clause 10 of rule XXI to require tax increases to pay for preventing scheduled tax increases. That is precisely what we are debating on this point of order.

If the Chair determines that this motion violates rule XXI and the House sustains this ruling, then the House is endorsing more than $3 trillion of tax increases over the next 10 years.

PAYGO, as a budget enforcement law between 1990 and 2002, as the majority leader referred to, required automatic spending reductions across the government when budget targets were not met. Rule XXI, should it apply to this motion, is a very, very different PAYGO. It would prevent any Member from offering an amendment that prevents a tax increase without another tax increase. I would understand, and even strongly support, an interpretation of rule XXI that had the effect of requiring spending reductions to offset increases in spending.

Further, while I would not necessarily endorse it, I could understand a PAYGO interpretation that requires a spending cut or tax increase to offset any reduction in current tax rates, or an increase in any current tax deductions or credits; but that is not what we're dealing with here today, Mr. Speaker. Today, with my motion, we are simply maintaining the Federal Government's current take, so to speak, from the people.

Current individual tax rates and policies have largely been in place as they are since 2003 and have led to sustained increases in revenue to the Federal Government. In fact, the annualized increases over the last 3 years have been 14.6 percent, 11.7 percent and 6.7 percent.

Even if my motion passes and is eventually enacted, we will again see increased revenue, it is projected, to the Federal Government next year. Those who wish to apply PAYGO to my motion, those who wish to object to my motion, are advocating very clearly that they want to lock in not only the largest revenue take in history, but also the largest tax increase in history. These tax increases will lead the government to collect more than 20 percent of GDP from its citizens by the end of the decade, and far higher in the years that follow. These tax increases will be of such a dramatic magnitude that they threaten to bring our economy to its knees and render it uncompetitive in the global marketplace.

The motion I have offered contains no new spending, no new tax cuts. Instead, it simply prevents a tax increase. That, I submit, is not what rule XXI was designed to prevent. And I urge the speaker to reject the point of order.

The SPEAKER pro tempore. Does any other Member wish to be heard on the point of order?

Mr. NEAL of Massachusetts. Mr. Speaker, I insist on my point of order.

The SPEAKER pro tempore. The gentleman from Massachusetts makes a point of order that the amendment proposed in the motion violates clause 10 of rule XXI by increasing the deficit.

Pursuant to clause 10 of rule XXI, the Chair is authoritatively guided by estimates from the Committee on the Budget that the net effect of the provisions in the amendment affecting revenues would increase the deficit for a relevant period.

Accordingly, the point of order is sustained and the motion is not in order.

Mr. McCRERY. Since that was an awfully quick ruling, Mr. Speaker, I most respectfully do appeal the ruling of the Chair because this may be the only opportunity we have to veer from this tax increase interpretation so that we can clear a bill that the Senate will pass and the President will sign.

The SPEAKER pro tempore. The question is, Shall the decision of the Chair stand as the judgment of the House?

MOTION TO TABLE OFFERED BY MR. NEAL OF MASSACHUSETTS

Mr. NEAL of Massachusetts. Mr. Speaker, I move to table the motion to appeal.

The SPEAKER pro tempore. The question is on the motion to table.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. McCRERY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

Pursuant to clause 8 and clause 9 of rule XX, this 15-minute vote on the motion to table will be followed by a 5-minute vote on the passage of the bill, if ordered, and if arising without further debate or proceedings in recommittal.

The vote was taken by electronic device, and there were—yeas 225, nays 191, not voting 15, as follows:

[Roll No. 1152]

YEAS—225

Abercrombie
Ackerman
Allen
Altmire
Andrews
Arcuri
Baca
Baird
Baldwin
Barrow
Bean
Berkley
Berman
Berry
Bishop (GA)
Bishop (NY)
Blumenauer
Boren
Boswell
Boucher
Boyd (FL)
Boyda (KS)
Brady (PA)
Braley (IA)
Brown, Corrine
Butterfield
Capps
Capuano
Cardoza
Carnahan
Carney
Castor
Chandler
Clarke
Clay
Cleaver
Clyburn
Cohen
Conyers
Cooper
Costa
Costello
Courtney
Cramer
Crowley
Cuellar
Cummings
Davis (AL)
Davis (CA)
Davis (IL)
Davis, Lincoln
DeFazio
DeGette
Delahunt
DeLauro
Dicks
Dingell
Doggett
Donnelly
Doyle
Edwards
Ellison
Ellsworth
Emanuel
Engel
Eshoo
Etheridge
Farr
Fattah
Filner
Frank (MA)
Giffords
Gillibrand
Gonzalez
Green, Al
Green, Gene
Grijalva
Gutierrez
Hall (NY)
Hare
Harman
Hastings (FL)
Herseth Sandlin
Higgins
Hill
Hinchey
Hirono
Hodes
Holden
Holt
Honda
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (GA)
Johnson, E. B.
Jones (OH)
Kagen
Kanjorski
Kaptur
Kennedy
Kildee
Kilpatrick
Kind
Klein (FL)
Kucinich
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lewis (GA)
Lipinski
Loebsack
Lofgren, Zoe
Lowey
Lynch
Mahoney (FL)
Maloney (NY)
Markey
Marshall
Matsui
McCarthy (NY)
McCollum (MN)
McDermott
McGovern
McIntyre
McNerney
McNulty
Meek (FL)
Meeks (NY)
Melancon
Michaud
Miller (NC)
Miller, George
Mitchell
Mollohan
Moore (KS)
Moore (WI)
Moran (VA)
Murphy (CT)
Murphy, Patrick
Murtha
Nadler
Napolitano
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Pallone
Pascrell
Pastor
Payne
Perlmutter
Peterson (MN)
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Richardson
Rodriguez
Ross
Rothman
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Salazar
Sánchez, Linda T.
Sanchez, Loretta
Sarbanes
Schakowsky
Schiff
Schwartz
Scott (GA)
Scott (VA)
Serrano
Sestak
Shea-Porter
Sherman
Shuler
Sires
Skelton
Slaughter
Smith (WA)
Snyder
Solis
Space
Spratt
Stark
Stupak
Sutton
Tanner
Tauscher
Taylor
Thompson (CA)
Thompson (MS)
Tierney
Towns
Tsongas
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Visclosky
Walz (MN)
Wasserman Schultz
Waters
Watson
Watt
Waxman
Weiner
Welch (VT)
Wexler
Wilson (OH)
Woolsey
Wynn
Yarmuth

NAYS—191

Aderholt
Akin
Alexander
Bachmann
Bachus
Baker
Barrett (SC)
Bartlett (MD)
Barton (TX)
Biggert
Bilbray
Bilirakis
Bishop (UT)
Blackburn
Blunt
Boehner
Bonner
Bono
Boozman
Boustany
Brady (TX)
Broun (GA)
Brown (SC)
Brown-Waite, Ginny
Buchanan
Burgess
Burton (IN)
Buyer
Calvert
Camp (MI)
Campbell (CA)
Cannon
Cantor
Capito
Carter
Castle
Chabot
Coble
Cole (OK)
Conaway
Crenshaw
Culberson
Davis (KY)
Davis, David
Davis, Tom
Deal (GA)
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Doolittle
Drake
Dreier
Duncan
Ehlers
Emerson
English (PA)
Everett
Fallin
Feeney
Flake
Forbes
Fortenberry
Fossella
Foxx
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gilchrest
Gingrey
Gohmert
Goode
Goodlatte
Granger
Graves
Hall (TX)
Hastings (WA)
Hayes
Heller
Hensarling
Herger
Hobson
Hoekstra
Hulshof
Inglis (SC)
Issa
Johnson (IL)
Johnson, Sam
Jones (NC)
Jordan
Keller
King (IA)
King (NY)
Kingston
Kirk
Kline (MN)
Knollenberg
Kuhl (NY)
LaHood
Lamborn
Latham
LaTourette
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas
Lungren, Daniel E.
Mack
Manzullo
Marchant
McCarthy (CA)
McCaul (TX)
McCotter
McCrery
McHenry
McHugh
McKeon
McMorris Rodgers
Mica
Miller (FL)
Miller (MI)
Moran (KS)
Murphy, Tim
Musgrave
Myrick
Nunes
Pearce
Pence
Peterson (PA)
Petri
Pickering
Pitts
Platts
Poe
Porter
Price (GA)
Pryce (OH)
Putnam
Radanovich
Ramstad
Regula
Rehberg
Reichert
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Roskam
Royce
Ryan (WI)
Sali
Saxton
Schmidt
Sensenbrenner
Sessions
Shadegg
Shays
Shimkus
Shuster
Simpson
Smith (NE)
Smith (NJ)
Smith (TX)
Souder
Stearns
Sullivan
Terry
Thornberry
Tiahrt
Tiberi
Turner
Upton
Walberg
Walden (OR)
Walsh (NY)
Wamp
Weldon (FL)
Weller
Westmoreland
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Young (AK)
Young (FL)

NOT VOTING—15

Becerra
Carson
Cubin
Ferguson
Gordon
Hinojosa
Hooley
Hunter
Jindal
Matheson
Miller, Gary
Neugebauer
Paul
Tancredo
Wu

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). Members are advised there are 2 minutes left in this vote.

□ 1848

Mrs. BLACKBURN, Ms. GRANGER, Ms. ROS-LEHTINEN, and Messrs. ROGERS of Alabama, PICKERING, HERGER, and EHLERS changed their vote from ''yea'' to ''nay.''

Mrs. MALONEY of New York, Ms. SCHWARTZ, and Messrs. ROTHMAN, TIERNEY, CLYBURN, ORTIZ, and HARE changed their vote from ''nay'' to ''yea.''

So the motion to table was agreed to.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. HULSHOF. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 226, nays 193, not voting 13, as follows:

[Roll No. 1153]

YEAS—226

Abercrombie
Ackerman
Allen
Altmire
Andrews
Arcuri
Baca
Baird
Baldwin
Barrow
Becerra
Berkley
Berman
Berry
Bishop (GA)
Bishop (NY)
Blumenauer
Boswell
Boucher
Boyd (FL)
Boyda (KS)
Brady (PA)
Braley (IA)
Brown, Corrine
Butterfield
Capps
Capuano
Cardoza
Carnahan
Carney
Castor
Chandler
Clarke
Clay
Cleaver
Clyburn
Cohen
Conyers
Cooper
Costa
Costello
Courtney
Cramer
Crowley
Cuellar
Cummings
Davis (AL)
Davis (CA)
Davis (IL)
Davis, Lincoln
DeFazio
DeGette
Delahunt
DeLauro
Dicks
Dingell
Doggett
Donnelly
Doyle
Edwards
Ellison
Ellsworth
Emanuel
Engel
Eshoo
Etheridge
Farr
Fattah
Filner
Frank (MA)
Giffords
Gillibrand
Gonzalez
Gordon
Green, Al
Green, Gene
Grijalva
Gutierrez
Hall (NY)
Hare
Harman
Hastings (FL)
Herseth Sandlin
Higgins
Hill
Hinchey
Hirono
Hodes
Holden
Holt
Honda
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (GA)
Johnson, E. B.
Jones (OH)
Kagen
Kanjorski
Kaptur
Kennedy
Kildee
Kilpatrick
Kind
Klein (FL)
Kucinich
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lewis (GA)
Lipinski
Loebsack
Lofgren, Zoe
Lowey
Lynch
Mahoney (FL)
Maloney (NY)
Markey
Marshall
Matsui
McCarthy (NY)
McCollum (MN)
McDermott
McGovern
McIntyre
McNerney
McNulty
Meek (FL)
Meeks (NY)
Melancon
Michaud
Miller (NC)
Miller, George
Mitchell
Mollohan
Moore (KS)
Moore (WI)
Moran (VA)
Murphy (CT)
Murphy, Patrick
Murtha
Nadler
Napolitano
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Pallone
Pascrell
Pastor
Payne
Pelosi
Perlmutter
Peterson (MN)
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Richardson
Rodriguez
Ross
Rothman
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Salazar
Sánchez, Linda T.
Sanchez, Loretta
Sarbanes
Schakowsky
Schiff
Schwartz
Scott (GA)
Scott (VA)
Serrano
Sestak
Shea-Porter
Sherman
Shuler
Sires
Skelton
Slaughter
Smith (WA)
Snyder
Solis
Space
Spratt
Stark
Stupak
Sutton
Tanner
Tauscher
Taylor
Thompson (CA)
Thompson (MS)
Tierney
Towns
Tsongas
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Visclosky
Walz (MN)
Wasserman Schultz
Waters
Watson
Watt
Waxman
Weiner
Welch (VT)
Wexler
Wilson (OH)
Woolsey
Wu
Wynn
Yarmuth

NAYS—193

Aderholt
Akin
Alexander
Bachmann
Bachus
Baker
Barrett (SC)
Bartlett (MD)
Barton (TX)
Bean
Biggert
Bilbray
Bilirakis
Bishop (UT)
Blackburn
Blunt
Boehner
Bonner
Bono
Boozman
Boren
Boustany
Brady (TX)
Broun (GA)
Brown (SC)
Brown-Waite, Ginny
Buchanan
Burgess
Burton (IN)
Buyer
Calvert
Camp (MI)
Campbell (CA)
Cannon
Cantor
Capito
Carter
Castle
Chabot
Coble
Cole (OK)
Conaway
Crenshaw
Culberson
Davis (KY)
Davis, David
Davis, Tom
Deal (GA)
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Doolittle
Drake
Dreier
Ehlers
Emerson
English (PA)
Everett
Fallin
Feeney
Flake
Forbes
Fortenberry
Fossella
Foxx
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gilchrest
Gingrey
Gohmert
Goode
Goodlatte
Granger
Graves
Hall (TX)
Hastings (WA)
Hayes
Heller
Hensarling
Herger
Hobson
Hoekstra
Hulshof
Inglis (SC)
Issa
Johnson (IL)
Johnson, Sam
Jones (NC)
Jordan
Keller
King (IA)
King (NY)
Kingston
Kirk
Kline (MN)
Knollenberg
Kuhl (NY)
LaHood
Lamborn
Lampson
Latham
LaTourette
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas
Lungren, Daniel E.
Mack
Manzullo
Marchant
McCarthy (CA)
McCaul (TX)
McCotter
McCrery
McHenry
McHugh
McKeon
McMorris Rodgers
Mica
Miller (FL)
Miller (MI)
Moran (KS)
Murphy, Tim
Musgrave
Myrick
Nunes
Pearce
Pence
Peterson (PA)
Petri
Pickering
Pitts
Platts
Poe
Porter
Price (GA)
Pryce (OH)
Putnam
Radanovich
Ramstad
Regula
Rehberg
Reichert
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Roskam
Royce
Ryan (WI)
Sali
Saxton
Schmidt
Sensenbrenner
Sessions
Shadegg
Shays
Shimkus
Shuster
Simpson
Smith (NE)
Smith (NJ)
Smith (TX)
Souder
Stearns
Sullivan
Terry
Thornberry
Tiahrt
Tiberi
Turner
Upton
Walberg
Walden (OR)
Walsh (NY)
Wamp
Weldon (FL)
Weller
Westmoreland
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Young (AK)
Young (FL)

NOT VOTING—13

Carson
Cubin
Duncan
Ferguson
Hinojosa
Hooley
Hunter
Jindal
Matheson
Miller, Gary
Neugebauer
Paul
Tancredo

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). Members are advised there are 2 minutes left in this vote.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). Members are advised there is 1 minute left in this vote.

□ 1856

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.J. RES. 69, FURTHER CONTINUING APPROPRIATIONS, FISCAL YEAR 2008

Ms. SLAUGHTER, from the Committee on Rules, submitted a privileged report (Rept. No. 110–492) on the resolution (H. Res. 869) providing for consideration of the joint resolution (H.J. Res. 69) making further continuing appropriations for the fiscal year 2008, and for other purposes, which was referred to the House Calendar and ordered to be printed.

CHILDREN'S HEALTH INSURANCE PROGRAM REAUTHORIZATION ACT OF 2007—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 110–80)

The SPEAKER pro tempore laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I am returning herewith without my approval H.R. 3963, the ''Children's Health Insurance Program Reauthorization Act of 2007.'' Like its predecessor, H.R. 976, this bill does not put poor children first and it moves our country's health care system in the wrong direction. Ultimately, our Nation's goal should be to move children who have no health insurance to private coverage—not to move children who already have private health insurance to government coverage. As a result, I cannot sign this legislation.

The purpose of the State Children's Health Insurance Program (SCHIP) was to help low-income children whose families were struggling, but did not qualify for Medicaid, to get the health care coverage that they needed. My Administration strongly supports reauthorization of SCHIP. That is why in February of this year I proposed a 5-year reauthorization of SCHIP and a 20 percent increase in funding for the program.

Some in the Congress have sought to spend more on SCHIP than my budget proposal. In response, I told the Congress that I was willing to work with its leadership to find any additional funds necessary to put poor children first, without raising taxes.

The leadership in the Congress has refused to meet with my Administration's representatives. Although they claim to have made ''substantial changes'' to the legislation, H.R. 3963 is essentially identical to the legislation that I vetoed in October. The legislation would still shift SCHIP away from its original purpose by covering adults. It would still include coverage of many individuals with incomes higher than the median income in the United States. It would still result in government health care for approximately 2 million children who already have private health care coverage. The new bill, like the old bill, does not responsibly offset its new and unnecessary spending, and it still raises taxes on working Americans.

Because the Congress has chosen to send me an essentially identical bill that has the same problems as the flawed bill I previously vetoed, I must veto this legislation, too. I continue to stand ready to work with the leaders of the Congress, on a bipartisan basis, to reauthorize the SCHIP program in a way that puts poor children first; moves adults out of a program meant for children; and does not abandon the bipartisan tradition that marked the